

ANNUAL FINANCIAL STATEMENTS CWDM 2017/2018

A tilted image of a financial statement table. The table contains multiple columns of numerical data, likely representing financial metrics over time. Some numbers are circled in yellow, and a yellow arrow points to a specific value. The text is small and difficult to read, but it appears to be a standard financial statement format.

Vision

A unified Cape Winelands
of excellence for
sustainable development

Mission

Working together towards
effective, efficient and
economically sustainable
development



CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity

Municipality (MFMA)

The Cape Winelands District Municipality is a district municipality located in the Boland region of the Western Cape province of South Africa and include the local municipalities of Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg (Municipal code: DC2)

Nature of business and principal activities

The Municipality is a local authority that -

- a) Ensures comprehensive and equitable Municipal Health Services within the Cape Winelands;
- b) Ensures co-ordination of multi-disciplinary and sectorial disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment, Response and Recovery;
- c) Provides effective planning and co-ordination of fire fighting services, prevention activities and training services throughout the Cape Winelands;
- d) Facilitates environmentally sustainable economic development & investment attraction as well as retention through the development and management of strategic partnerships;
- e) Facilitates skills development within the Cape Winelands District Municipality by means of knowledge management and social infrastructure investment;
- f) Facilitates the creation of sustainable jobs within the Cape Winelands through the provision and maintenance of economic infrastructure;
- g) Provides support and shared services to local municipalities to facilitate economic development planning within the Cape Winelands;
- h) Increases access to safe and efficient transport;
- i) Develops integrated and sustainable human settlements;
- j) Integrates service delivery for maximum impact;
- k) Creates opportunities for growth and development in rural areas; and
- l) Empowers vulnerable groups, build human capital, invest in social capital and rural development programmes.

Mayoral committee

Ald. (Dr) H VON SCHLICHT - (REAPPOINTED FROM 10/08/2016 IN ADDITION, EXECUTIVE MAYOR FROM 01/09/2016)

Cllr. C MEYER - (REAPPOINTED FROM 10/08/2016 AND SPEAKER FROM 01/09/2016)

Cllr. D SWART - (REAPPOINTED FROM 17/08/2016 AND DEPUTY EXECUTIVE MAYOR FROM 01/09/2016)

Cllr. G.J CARINUS - (REAPPOINTED 10/08/2016)

Cllr. J.J DU PLESSIS - (REAPPOINTED 10/08/2016)

Cllr. L.W NIEHAUS - (REAPPOINTED 16/08/2016)

Cllr. A. FLORENCE - (APPOINTED 15/08/2016)

Cllr. P.C RAMOKHABI - (APPOINTED 15/08/2016)

Cllr. J.D.F VAN ZYL - (REAPPOINTED 18/08/2016)

Other Councillors

Cllr. Z.L MASOKA - (APPOINTED 14/05/2016)

Cllr. C DAMENS - (REAPPOINTED 10/08/2016)

Cllr. X KALIPA - (REAPPOINTED 10/08/2016)

Cllr. L.N SIWAKAMISA - (REAPPOINTED 10/08/2016)

Cllr. J.S MOUTON - (REAPPOINTED 10/08/2016)

Cllr. P MARRAN - (REAPPOINTED 15/08/2016)

Cllr. E.S.C MATJAN - (REAPPOINTED 15/08/2016)

Cllr. A CROMBIE - (REAPPOINTED 15/08/2016)

Cllr. R.B ARNOLDS - (RESIGNED 12/04/2018)

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

General Information

	Cllr. J.J VAN ROOYEN - (APPOINTED 10/08/2016)
	Cllr. C STEYN - (APPOINTED 10/08/2016)
	Cllr. E QHANKQISO - (APPOINTED 10/08/2016)
	Cllr. B.B NTSHINGILA - (APPOINTED 10/08/2016)
	Cllr. W.M BLOM - (APPOINTED 10/08/2016)
	Cllr. G.J FREDERICKS - (APPOINTED 10/08/2016)
	Cllr. S.S MAGQAZANA - (APPOINTED 10/08/2016)
	Cllr. D.R.A SNYDERS - (APPOINTED 10/08/2016)
	Cllr. M.M ADRIAANSE - (APPOINTED 16/08/2016)
	Cllr. E GOUWS - (APPOINTED 16/08/2016)
	Cllr. R HESS - (APPOINTED 18/08/2016)
	Cllr. J.W SCHUURMAN - (APPOINTED 17/08/2016)
	Cllr. M.T KLAAS - (APPOINTED 16/08/2016)
	Cllr. R DU TOIT - (APPOINTED 15/08/2016)
	Cllr. L LANDU - (APPOINTED 16/08/2016)
	Cllr. W VROLICK - (APPOINTED 15/08/2016)
	Cllr. N.S LOUW - (APPOINTED 15/08/2016)
	Cllr. R.S NALUMANGO - (APPOINTED 15/08/2016)
	Cllr. P DANIELS - (APPOINTED 17/08/2016)
	Cllr. A.J SHIBILI - (APPOINTED 18/08/2016)
	Cllr. C.F WILSKUT - (APPOINTED 15/08/2016)
	Cllr. L.S SAMBOKWE - (APPOINTED 16/08/2016)
	Cllr. N TETENA - (APPOINTED 10/08/2016)
	Cllr. S.C RENS - (APPOINTED 16/08/2016)
Grading of local authority	GRADE 4 MEDIUM CAPACITY
Municipal Manager	H.F PRINS
Chief Financial Officer (CFO)	F.A DU RAAN - GROENEWALD
Registered office	46 ALEXANDER STREET STELLENBOSCH 7600
Postal address	P.O.BOX 100 STELLENBOSCH 7599
Telephone	0861 265 263
Bankers	NEDBANK
Auditors	AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Index

The reports and statements set out below comprise of the financial statements presented to the council:

	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 11
Accounting Policies	12 - 32
Notes to the Financial Statements	33 - 108
Appendixes:	
Appendix A: Appropriation Statement	109
Appendix B: Mayoral bursary allocations to relatives of employees	115
Appendix C: Benefits of business associates	116

IDP	Integrated Development Plan
CRR	Capital Replacement Reserve
LGSETA	Local Government Sector Education and Training Authority
mSCOA	municipal Standard Chart of Accounts
GRAP	Generally Recognised Accounting Practice
DEA	Department of Environmental Affairs
PRMA	Post Retirement Medical Aid
RRAMS	Rural Roads Asset Management System
MPAC	Municipal Public Accounts Committee
IPSAS	International Public Sector Accounting Standards
Cllr	Councillor
LED	Local Economic Development
MFMA	Municipal Finance Management Act
PMS	Performance Management System
CWDM	Cape Winelands District Municipality
MSA	Municipal Systems Act
WCA	Workmen's Compensation Assistance

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and are given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

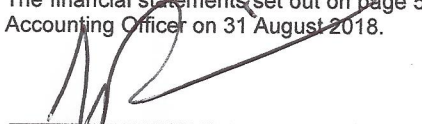
The accounting officer acknowledge that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officers to meet these responsibilities, the accounting officer set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. While operating risk cannot be fully eliminated, the Municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the Municipality, the accounting officer is supported by the Municipality's internal auditors.

The financial statements set out on page 5 - 108, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2018.



Accounting Officer
H F Prins

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	616 034 060	592 130 504
Other receivables from exchange transactions	4	25 427 179	15 715 650
Trade receivables from exchange transactions	5	14 649	297 576
Inventories	6	1 792 879	2 064 710
VAT receivable	7	5 019 283	5 046 258
Receivables from non-exchange transactions	8	69 458	259 824
Employee benefit asset	15	2 416 597	2 317 867
		650 774 105	617 832 389
Non-Current Assets			
Property, plant and equipment	9	147 850 488	148 873 225
Intangible assets	10	780 874	1 122 302
Employee benefit asset	15	22 677 800	29 958 449
		171 309 162	179 953 976
Total Assets		822 083 267	797 786 365
Liabilities			
Current Liabilities			
Finance lease obligation	12	-	3 454
Operating lease liability	11	13 605	11 257
Payables from exchange transactions	14	9 908 332	10 873 397
Employee benefit obligation	15	29 267 194	25 735 083
Unspent conditional grants and receipts	13	2 929 750	2 464 216
Provisions	41	21 620	79 564
		42 140 501	39 166 971
Non-Current Liabilities			
Operating lease liability	11	6 477	20 082
Employee benefit obligation	15	157 665 465	156 324 319
		157 671 942	156 344 401
Total Liabilities		199 812 443	195 511 372
Net Assets		622 270 824	602 274 993
Accumulated surplus	16	622 270 824	602 274 993

* See Note 31

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	70 756	626 891
Rental of facilities and equipment	18	123 908	107 481
Agency services	19	97 720 254	103 409 659
Other income	20	1 525 810	2 593 787
Interest received - investment	21	51 928 028	51 017 913
Total revenue from exchange transactions		151 368 756	157 755 731
Revenue from non-exchange transactions			
Government grants and subsidies	22	230 433 575	227 556 400
Public contributions and donations	23	-	3 148 434
Fines, penalties and forfeits		2 000	2 000
Total revenue from non-exchange transactions		230 435 575	230 706 834
Total revenue		381 804 331	388 462 565
Expenditure			
Employee related costs	24	(185 397 997)	(173 805 573)
Remuneration of councillors	25	(11 363 026)	(10 216 294)
Depreciation and amortisation	26	(10 320 548)	(8 380 562)
Finance costs	27	(91)	(901)
Lease rentals on operating lease		(484 240)	(557 738)
Debt impairment	28	2 187 943	(1 256 555)
Contracted services	43	(50 123 794)	(58 228 186)
Transfers and subsidies	42	(13 495 524)	(13 275 051)
Loss on disposal of assets and liabilities		(8 881 450)	(1 911 130)
Bad debt written off		(2 257 634)	(22 676)
Inventories losses/write-downs		-	(82 868)
General expenses	29	(81 672 138)	(95 826 965)
Total expenditure		(361 808 499)	(363 564 499)
Surplus for the year		19 995 832	24 898 066

* See Note 31

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	588 946 519	588 946 519
Adjustments		
Correction of errors	(11 569 592)	(11 569 592)
Balance at 01 July 2016 as restated*	577 376 927	577 376 927
Changes in net assets		
Restated surplus for the year	24 898 066	24 898 066
Total changes	24 898 066	24 898 066
Restated* Balance at 01 July 2017	602 274 992	602 274 992
Changes in net assets		
Surplus for the year	19 995 832	19 995 832
Total changes	19 995 832	19 995 832
Balance at 30 June 2018	622 270 824	622 270 824
Note(s)	16	

* See Note 31

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		99 321 188	106 018 158
Grants		230 433 575	230 704 835
Interest income		42 739 011	50 248 254
		<u>372 493 774</u>	<u>386 971 247</u>
Payments			
Employee costs		(173 313 216)	(168 304 398)
Suppliers		(146 072 597)	(174 962 059)
Other payments: Remuneration to Councillors		(11 363 026)	(10 216 294)
		<u>(330 748 839)</u>	<u>(353 482 751)</u>
Net cash flows from operating activities	32	<u>41 744 935</u>	<u>33 488 496</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(18 208 007)	(11 185 330)
Proceeds from sale of property, plant and equipment	9	431 936	19 736
Purchase of other intangible assets	10	(61 760)	(165 680)
Net cash flows from investing activities		<u>(17 837 831)</u>	<u>(11 331 274)</u>
Cash flows from financing activities			
Finance lease payments		<u>(3 544)</u>	<u>(10 432)</u>
Net increase/(decrease) in cash and cash equivalents		<u>23 903 560</u>	<u>22 146 790</u>
Cash and cash equivalents at the beginning of the year		592 130 504	569 983 713
Cash and cash equivalents at the end of the year	3	<u>616 034 064</u>	<u>592 130 503</u>

* See Note 31

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	-----------------	-------------	--------------	------------------------------------	--	-----------

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	200 000	(2 500)	197 500	70 756	(126 744)	Note 47
Rental of facilities and equipment	131 000	(1 000)	130 000	123 908	(6 092)	Note 47
Agency services	118 012 343	-	118 012 343	97 720 254	(20 292 089)	Note 47
Other income	1 343 450	1 000	1 344 450	1 525 810	181 360	Note 47
Interest received - investment	51 850 000	-	51 850 000	51 928 028	78 028	Note 47
Total revenue from exchange transactions	171 536 793	(2 500)	171 534 293	151 368 756	(20 165 537)	

Revenue from non-exchange transactions

Transfer revenue

Government grants and subsidies	232 248 100	-	232 248 100	230 433 575	(1 814 525)	Note 47
Fines, penalties and forfeits	-	2 500	2 500	2 000	(500)	Note 47
Total revenue from non-exchange transactions	232 248 100	2 500	232 250 600	230 435 575	(1 815 025)	

Total revenue

403 784 893	-	403 784 893	381 804 331	(21 980 562)	
--------------------	----------	--------------------	--------------------	---------------------	--

Expenditure

Employee related costs	(203 910 814)	(605 520)	(204 516 334)	(185 397 997)	19 118 337	Note 47
Remuneration of councillors	(11 482 939)	-	(11 482 939)	(11 363 026)	119 913	Note 47
Depreciation and amortisation	(10 000 403)	(1 652 796)	(11 653 199)	(10 320 548)	1 332 651	Note 47
Finance costs	(8 000)	1 900	(6 100)	(91)	6 009	Note 47
Lease rentals on operating lease	(1 029 500)	-	(1 029 500)	(484 240)	545 260	Note 47
Debt impairment	(1 369 713)	-	(1 369 713)	2 187 943	3 557 656	Note 47
Bad debt written off	-	-	-	(2 257 634)	(2 257 634)	Note 47
Contracted services	(68 487 760)	7 548 074	(60 939 686)	(50 123 794)	10 815 892	Note 47
Transfers and Subsidies	(9 708 500)	(4 726 927)	(14 435 427)	(13 495 524)	939 903	Note 47
General expenses	(95 780 703)	8 727 455	(87 053 248)	(81 672 138)	5 381 110	Note 47

Total expenditure

(401 778 332)	9 292 186	(392 486 146)	(352 927 049)	39 559 097	
----------------------	------------------	----------------------	----------------------	-------------------	--

Operating surplus

Loss on disposal of assets and liabilities	(20 000)	(9 287 186)	(9 307 186)	(8 881 450)	425 736	Note 47
Inventories losses/write-downs	-	(5 000)	(5 000)	-	5 000	Note 47

(20 000)	(9 292 186)	(9 312 186)	(8 881 450)	430 736	
-----------------	--------------------	--------------------	--------------------	----------------	--

Surplus

1 986 561	-	1 986 561	19 995 832	18 009 271	
------------------	----------	------------------	-------------------	-------------------	--

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	--------------------	-------------	--------------	--	---	-----------

Figures in Rand

Statement of Financial Position

Assets

Current Assets

Cash and cash equivalents	585 187 011	-	585 187 011	616 034 060	30 847 049	Note 47
Other receivables from exchange transactions	15 105 301	-	15 105 301	25 427 179	10 321 878	Note 47
Trade receivables from exchange transactions	-	-	-	14 649	14 649	Note 47
Inventories	2 062 851	-	2 062 851	1 792 879	(269 972)	Note 47
Receivables from non-exchange transactions	494 595	-	494 595	69 458	(425 137)	Note 47
VAT receivable	5 200 000	-	5 200 000	5 019 283	(180 717)	Note 47
Employee benefit asset	-	-	-	2 416 597	2 416 597	Note 47
	608 049 758	-	608 049 758	650 774 105	42 724 347	

Non-Current Assets

Property, plant and equipment	178 855 466	-	178 855 466	147 850 488	(31 004 978)	Note 47
Intangible assets	1 414 659	-	1 414 659	780 874	(633 785)	Note 47
Employee benefit asset	32 276 316	-	32 276 316	22 677 800	(9 598 516)	Note 47
	212 546 441	-	212 546 441	171 309 162	(41 237 279)	

Current Assets	608 049 758	-	608 049 758	650 774 105	42 724 347	
Non- Current Assets	212 546 441	-	212 546 441	171 309 162	(41 237 279)	
Total Assets	820 596 199	-	820 596 199	822 083 267	1 487 068	

Liabilities

Current Liabilities

Operating lease liability	-	-	-	13 605	13 605	Note 47
Finance lease obligation	3 454	-	3 454	-	(3 454)	Note 47
Unspent conditional grants and receipts	2 228 846	-	2 228 846	2 929 750	700 904	Note 47
Payables from exchange transactions	17 830 285	-	17 830 285	9 908 333	(7 921 952)	Note 47
Employee benefit obligation	20 470 620	-	20 470 620	29 267 194	8 796 574	Note 47
Provisions	-	-	-	21 620	21 620	Note 47
	40 533 205	-	40 533 205	42 140 502	1 607 297	

Non-Current Liabilities

Operating lease liability	-	-	-	6 477	6 477	Note 47
Employee benefit obligation	154 177 064	-	154 177 064	157 665 465	3 488 401	Note 47
	154 177 064	-	154 177 064	157 671 942	3 494 878	

Total Liabilities	194 710 269	-	194 710 269	199 812 444	5 102 175	
Net Assets	625 885 930	-	625 885 930	622 270 823	(3 615 107)	

Net Assets

Reserves

Accumulated surplus	625 885 930	-	625 885 930	622 270 823	(3 615 107)	Note 47
---------------------	-------------	---	-------------	-------------	-------------	---------

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	-----------------	-------------	--------------	------------------------------------	--	-----------

Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Sale of goods and services	119 447 793	-	119 447 793	99 321 188	(20 126 605)	Note 47
Grants	232 537 100	-	232 537 100	230 433 575	(2 103 525)	Note 47
Interest income	51 850 000	-	51 850 000	42 739 011	(9 110 989)	Note 47
	403 834 893	-	403 834 893	372 493 774	(31 341 119)	

Payments

Employee costs	(200 764 514)	-	(200 764 514)	(173 313 216)	27 451 298	Note 47
Suppliers	(178 210 763)	-	(178 210 763)	(146 072 597)	32 138 166	
Other payments: remuneration to councillors	(11 482 939)	-	(11 482 939)	(11 363 026)	119 913	Note 47
	(390 458 216)	-	(390 458 216)	(330 748 839)	59 709 377	

Net cash flows from operating activities	13 376 677	-	13 376 677	41 744 935	28 368 258	
---	-------------------	---	-------------------	-------------------	-------------------	--

Cash flows from investing activities

Purchase of property, plant and equipment	(20 010 397)	-	(20 010 397)	(18 208 008)	1 802 389	Note 47
Proceeds from sale of property, plant and equipment	-	-	-	431 936	431 936	Note 47
Purchase of other intangible assets	(309 773)	-	(309 773)	(61 760)	248 013	Note 47

Net cash flows from investing activities	(20 320 170)	-	(20 320 170)	(17 837 832)	2 482 338	
---	---------------------	---	---------------------	---------------------	------------------	--

Cash flows from financing activities

Finance lease payments	-	-	-	(3 544)	(3 544)	Note 47
Net cash flows from financing activities	-	-	-	(3 544)	(3 544)	

Net increase/(decrease) in cash and cash equivalents	(6 943 493)	-	(6 943 493)	23 903 559	30 847 052	
--	-------------	---	-------------	------------	------------	--

Cash and cash equivalents at the beginning of the year	592 130 504	-	592 130 504	592 130 504	-	
--	-------------	---	-------------	-------------	---	--

Cash and cash equivalents at the end of the year	585 187 011	-	585 187 011	616 034 063	30 847 052	
---	--------------------	---	--------------------	--------------------	-------------------	--

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

All figures have been rounded to the nearest Rand.

These annual financial statements have been prepared on a going concern basis.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied with the previous period in the preparation of these annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The Municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on an individual basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on historical data collected by the municipality. The estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficient long maturity to match the estimated maturity of all benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

The municipality used the prime lending rate to discount future cash flows.

Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Reserves

Internal ring fenced reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when funds from the CRR are utilised.

- The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.
- Interest earned on the CRR investment is recorded as part of the total interest earned in the Statement of Financial Performance, whereafter such interest may be transferred from accumulated surplus to CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the Municipality and may not be used for the maintenance of these items.
- If gains or losses are made on the sale of assets, these are reflected in the Statement of Financial Performance.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.2 Reserves (continued)

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued (budget circular) by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

Accumulated Surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

1.3 Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with a maturity period of between three and twelve months and are subject to an insignificant risk of change in value. Cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with bank, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Amounts recovered from the Western Cape Provincial Government in respect of the future medical liability of the road staff are included in the balance of cash and cash equivalents.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the supply of services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, the cost is considered to be the fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.4 Property, plant and equipment (continued)

Subsequent to initial recognition, items of property, plant and equipment are measured as follows:

- (i) Plant and equipment - at cost less accumulated depreciation and accumulated impairment losses
- (ii) Land and buildings - at cost less accumulated depreciation and accumulated impairment losses

Depreciation

Depreciation is calculated using the straight line method, over the estimated useful lives to their estimated residual value of the assets. The depreciation rates are based on the following estimated useful lives for the current and comparative years:

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Estimated useful life
Land	Straight line	Indefinite
Buildings	Straight line	30-50
Infrastructure	Straight line	15-50
Furniture and fittings	Straight line	3-20
Motor vehicles	Straight line	5-27
Office equipment	Straight line	3-20
Plant and equipment	Straight line	3-50
Other property, plant and equipment	Straight line	3-46
Leased assets	Straight line	5-9

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 - 10 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The Municipality's heritage assets are culturally significant resources. These assets, in addition to meeting the definition of a Heritage asset, are currently in use as office accommodation and therefore meets the definition of Property, Plant and Equipment.

Heritage assets are not recognised as a heritage asset even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes.

Heritage assets are accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment (GRAP 17). Refer to note 1.4

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.6 Heritage assets (continued)

The Municipality has the following registered Heritage Assets:

- Building at 46 Alexander Street, Stellenbosch was declared as a Provincial Heritage site on 8 September 1967.
- Building at 194 Main Road, Paarl.

1.7 Changes in accounting policies, estimates errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to applicable note to the annual financial statements for details of corrections of errors recorded during the period under review.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability in the case of a financial asset.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.8 Financial instruments (continued)

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are recognised at revenue.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange transactions.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.9 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories consist of unsold properties and consumables.

Initial measurement

Inventories are initially measured at cost. Cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

Subsequent measurement

Unsold properties and consumables to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Roads inventory to be distributed at no or nominal consideration or to be consumed in the production process of goods to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Derecognition

The Municipality derecognises unsold low cost housing contained in inventory when construction of such properties has been completed and occupation of houses taken by the beneficiaries. At date of derecognition, the expense is recognised in the Statement of Financial Performance.

When other inventories are utilised or consumed, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.11 Grants in Aid

The Municipality annually awards grants to organisations in terms of Section 67 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). When making these transfers, the Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

1.12 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.13 Budget information

The Municipality is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget covers the period from 2017/07/01 to 2018/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts as prescribed in GRAP 24.

A comparison of actual vs. budgeted revenue and expenditure is disclosed in the Statement of Comparison of Budget and actual amounts and reasons for variances in excess of 10%.

1.14 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.14 Related parties (continued)

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.15 Value added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act (Act No. 89 of 1991).

1.16 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current prime lending rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of a cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. The municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.17 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

1.19 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.20 Revenue from exchange transactions (continued)

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Agency fees are recognised to the extent of work performed.

Interest

Revenue arising from the use by others of municipal assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to notes 32 for detail.

1.24 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.25 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.27 Employee benefits (continued)

Long term receivable

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, a municipality shall recognise its right to reimbursement as a separate asset. The municipality shall measure the asset at fair value. In all other respects, the municipality shall treat that asset in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan may be presented net of the amount recognised for a reimbursement.

The municipality recognised a long term receivable relating to the recoveries from the Department of Transport and Public Works in respect of the post-employment medical benefit relating to the roads staff.

The assumptions used by the actuaries to calculate the portion of the roads staff are the same as that used to calculate the amount of the liability relating to the post-employment medical aid.

Multi-employer plans

The entity classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.27 Employee benefits (continued)

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.27 Employee benefits (continued)

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

The amount recognised as a liability for other long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.28 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and Interpretations early adopted

The municipality did not early adopt any standards and interpretations.

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 8 (as revised 2010): Interests in Joint Ventures

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

2. New standards and interpretations (continued)

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 18 (as amended 2016): Segment Reporting

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2019

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

2. New standards and interpretations (continued)

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

2. New standards and interpretations (continued)

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

2. New standards and interpretations (continued)

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019 financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

GRAP 17 (as amended 2016): Property, Plant and Equipment

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

2. New standards and interpretations (continued)

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 100	3 100
Bank balances	14 030 960	8 127 404
Short-term investments	602 000 000	584 000 000
	616 034 060	592 130 504

Included in the balance of cash and cash equivalents is an amount of R15 778 083 (2017: R 8 531 730) relating to the portion recovered from the Provincial Government Western Cape, Department of Transport and Public Works, in respect of the future medical aid liability of the roads staff.

No cash and cash equivalents have been pledged as security.

Short-term investments

ABSA - Investment

Opening balance	143 000 000	106 000 000
Movements for the year	(13 000 000)	37 000 000
	130 000 000	143 000 000

FNB - Investment

Opening balance	105 000 000	95 000 000
Movements for the year	(23 000 000)	10 000 000
	82 000 000	105 000 000

INVESTEC - Investment

Opening balance	81 000 000	115 000 000
Movements for the year	10 000 000	(34 000 000)
	91 000 000	81 000 000

NEDCOR - Investment

Opening balance	139 000 000	126 000 000
Movements for the year	12 000 000	13 000 000
	151 000 000	139 000 000

STANDARD BANK - Investment

Opening balance	116 000 000	114 000 000
Movements for the year	32 000 000	2 000 000
	148 000 000	116 000 000

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand 2018 2017

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA BANK - Primary bank account	-	8 127 404	3 503 077	-	8 127 404	3 503 077
ABSA BANK - Depositor plus account	-	-	10 477 536	-	-	-
Nedbank - Primary bank account	5 030 960	-	-	5 030 960	-	-
Nedbank - Call account	9 000 000	-	-	-	-	-
Total	14 030 960	8 127 404	13 980 613	5 030 960	8 127 404	3 503 077

The management of the Municipality is of the opinion that the carrying value of bank balances, cash and cash equivalents recorded at amortised cost in the annual financial statements approximates their fair values.

4. Other receivables from exchange transactions

Allowance for impairment	(37 121)	(22 841)
Prepayments	3 320 954	2 546 872
Deposits	556 738	586 738
Insurance claims	88 371	169 394
Municipal health debtor	63 982	46 866
Rental	11 922	3 246
SALGA	-	70 287
Councillors	37 113	106 210
Accrued interest	21 057 188	11 866 171
IOD debtor	-	81 528
Other receivables	85 619	58 417
Post retirement medical aid	242 413	202 762
	25 427 179	15 715 650

Other receivables pledged as security

No other receivables were pledged as security.

No collateral is held for any of the debtors disclosed above.

Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty defaults. The Municipality's historical experience in collection of other trade receivables falls within recorded allowances. Due to these factors, management's view is that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's other trade receivables.

Other receivables from exchange transactions

Gross balances		
Other receivables	25 464 300	15 738 491
Less: Allowance for impairment		
Other receivables	(37 121)	(22 841)
Net balance		
Other receivables	25 427 179	15 715 650

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
4. Other receivables from exchange transactions (continued)		
Other receivables from exchange transactions		
Current (0 - 30 days)	365 515	412 161
31 - 60 days	4 315	35 165
61 - 90 days	1 453	200 221
91 - 120 days	1 453	20 000
121 - 365 days	-	12 895
> 365 days	676 300	622 164
	1 049 036	1 302 606

Prepayments of R 3 320 954 (2017: R 2 546 872) were not included as the future economic benefits relate to the receipt of goods and services. The interest accrual of R 21 057 188 (2017: R 11 866 171) was not included in the ageing as it is not due yet.

Other receivables past due but not impaired

Management regards other receivables from exchange transactions for outstanding amounts of more than 30 days past due. The impairment of other receivables from exchange transactions is based on the historic payment rate of the receivable.

As at 30 June 2018 other receivables of R 683 521 (2017: R 890 445) were past due but not impaired.

No other receivables were pledged as security.

Reconciliation of provision for impairment of other receivables from exchange transactions

Opening balance	(22 841)	(478 650)
Provision for impairment	(14 280)	-
Amounts written off as uncollectable	-	22 676
Unused amounts reversed	-	5 633
Provision for bad debt recovered	-	427 500
	(37 121)	(22 841)

5. Trade Receivables from exchange transactions

Gross balances

Fire Fighting	52 272	2 537 422
---------------	--------	-----------

Less: Allowance for impairment

Fire Fighting	(37 623)	(2 239 846)
---------------	----------	-------------

Net balance

Fire Fighting	14 649	297 576
---------------	--------	---------

Fire fighting

Current (0 -30 days)	14 649	47 953
31 - 60 days	-	96 432
61 - 90 days	2 438	-
91 - 120 days	2 438	92 540
121 - 365 days	32 747	2 300 497
	52 272	2 537 422

Reconciliation of allowance for impairment

Opening balance	(2 239 846)	(287 751)
Contributions to allowance	(55 411)	(2 239 846)
Debt impairment written off against allowance	2 257 634	-
Reversal of allowance	-	287 751

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
5. Trade Receivables from exchange transactions (continued)		
	(37 623)	(2 239 846)
Trade receivables pledged as security		
No trade receivables were pledged as security.		
The risk profile of each class of debtor was assessed to determine the allowance for impairment.		
No collateral is held for any of the debtors disclosed above.		
Credit quality of consumer debtors		
Due to historic trends that cannot be determined, the credit quality of each individual debtor that are neither due nor past nor impaired was assessed. As per the Credit Control and Debt Collection Policy, all debtors with accounts outstanding for more than 60 days are handed over to the debt collectors of the Municipality. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management's view that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.		
Consumer debtors past due but not impaired		
The debt originated as a result of firefighting services rendered in terms of the Fire Fighting Act. The impairment for receivables from exchange transactions was calculated based on the assessment of each individual debtor as a historic payment trend cannot be determined for firefighting debtors.		
As at 30 June 2018 consumer debtors of R nil (2017: R 153 191) were past due but not impaired.		
Consumer debtors impaired		
As at 30 June 2018, consumer debtors of R 37 623 (2017: R 2 239 846) were impaired and provided for.		
The amount of the allowance for impairment was R 37 623 at 30 June 2018 (2017: R 2 239 846).		
The ageing of these debtors are as follow:		
91 to 120 days	2 438	92 540
121 days and more	32 747	2 300 497
6. Inventories		
Consumable stores	1 719 939	1 927 534
Roads Inventory	-	64 236
Housing Stock	72 940	72 940
	1 792 879	2 064 710
No inventory has been pledged as security.		
Consumables valued at R nil (2017: R82 868) were written off and recognised in the Statement of Financial Performance. No stock was found to be obsolete during the year end stock count. Inventory valued at R 5 705 374.38 (2017: R 6 308 015) were expensed in the Statement of Financial Performance.		
7. VAT receivable		
VAT	5 019 283	5 046 258

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
8. Receivables from non-exchange transactions		
Government grants and subsidies	69 458	179 824
Local Tourism Association transfer receivable	-	80 000
	69 458	259 824
Receivables from non-exchange transactions pledged as security		
No receivables from non-exchange transactions were pledged as security.		
The risk profile of each class of debtor was assessed to determine the allowance for impairment.		
No collateral is held for any of the debtors disclosed above.		
Credit quality of receivables from non-exchange transactions		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Receivables from non-exchange transactions impaired		
As of 30 June 2018, receivables from non-exchange transactions of R - (2017: R -) were impaired and provided for.		
Net balances		
Government grants and subsidies	69 458	179 824
Local Tourism Association transfer receivable	-	80 000
	69 458	259 824
Government grants and subsidies		
Current (0 -30 days)	64 700	179 824
31 - 60 days	4 758	-
	69 458	179 824
Other receivables from non-exchange revenue		
Current (0 -30 days)	-	80 000
Reconciliation of allowance for impairment of receivables from non-exchange transactions		
Opening balance	-	-

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

2018

2017

9. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	66 384 904	-	66 384 904	69 682 563	-	69 682 563
Buildings	46 431 042	(23 478 619)	22 952 423	47 975 247	(23 215 876)	24 759 371
Infrastructure	2 714 223	(1 053 531)	1 660 692	1 966 756	(995 385)	971 371
Furniture and fittings	8 130 436	(5 506 328)	2 624 108	7 585 288	(5 113 882)	2 471 406
Motor vehicles	44 866 546	(17 977 213)	26 889 333	44 095 105	(17 644 689)	26 450 416
Office equipment	25 864 888	(12 041 231)	13 823 657	21 500 903	(9 362 985)	12 137 918
Plant and equipment	18 504 264	(9 047 655)	9 456 609	16 286 310	(7 541 848)	8 744 462
Other property, plant and equipment	6 822 801	(2 764 039)	4 058 762	5 976 997	(2 333 331)	3 643 666
Leased assets - Cell phones	-	-	-	35 293	(23 241)	12 052
Total	219 719 104	(71 868 616)	147 850 488	215 104 462	(66 231 237)	148 873 225

Included in buildings is an amount of R461 681 that relates to work in progress.

Criteria for determination for classification between Property, plant and equipment and Investment property.

The criteria created to identify whether an asset meets the definition of Property, plant and equipment (PPE) or Investment property have been determined as follows:

a) In the instance where the property yield rentals, where the majority of the property is held for administrative purposes and an insignificant portion is held for rentals, the total property will be evaluated as PPE and not as investment property. This will apply even if the intention is to rent the property out for a prolonged period.

b) Where a significant portion (more than 50%) of the total property including land and all other buildings is held for rentals, the property will be classified as investment property. This will apply even if management intends to rent the property out for a prolonged period.

Two properties consisting of two houses and one parking area were identified that are rented to the public. A significant portion of both the properties (land and buildings) are held by the municipality for administrative purposes.

These properties are currently rented out for a specified period per the lease agreements entered into after a tender was awarded to the lessees. Prior to the expiry of the lease agreement the municipality will re-assess whether the use of these assets will be for municipal administrative purposes or whether capacity exists to enable a new lease to be considered.

A significant portion of the properties are held for administrative purposes. The consideration of a new lease is based on the need of the municipality prior to expiry of the lease agreements. These two properties meet the criteria set out above as Property, plant and equipment. These assets have been classified as Property, plant and equipment.

The leased assets was reclassified as other assets in the 2017/2018 financial year. The term of the leases matured during the 2017/2018 financial year.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land	69 682 563	-	(3 297 659)	-	66 384 904
Buildings	24 759 371	1 572 533	(2 298 575)	(1 080 906)	22 952 423
Infrastructure	971 371	747 467	-	(58 146)	1 660 692
Furniture and fittings	2 471 406	618 680	(22 607)	(443 371)	2 624 108
Motor vehicles	26 450 416	6 455 735	(3 146 654)	(2 870 164)	26 889 333
Office equipment	12 137 918	5 579 616	(467 068)	(3 426 809)	13 823 657
Plant and equipment	8 744 461	2 423 465	(80 823)	(1 630 494)	9 456 609
Other property, plant and equipment	3 655 720	810 511	-	(407 469)	4 058 762
	148 873 226	18 208 007	(9 313 386)	(9 917 359)	147 850 488

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land	69 929 894	-	(247 331)	-	69 682 563
Buildings	25 585 364	527 252	(199 472)	(1 153 773)	24 759 371
Infrastructure	365 346	643 546	-	(37 521)	971 371
Furniture and fittings	2 880 597	83 514	(59 933)	(432 772)	2 471 406
Motor vehicles	25 223 238	3 339 754	(55 433)	(2 057 143)	26 450 416
Office equipment	11 095 137	4 664 066	(940 144)	(2 681 141)	12 137 918
Plant and equipment	8 899 685	1 284 830	(190 916)	(1 249 137)	8 744 462
Other property, plant and equipment	3 523 263	642 368	(173 303)	(348 662)	3 643 666
Leased assets - Cell phones	120 608	-	(64 334)	(44 222)	12 052
	147 623 132	11 185 330	(1 930 866)	(8 004 371)	148 873 225

Reconciliation of repairs and maintenance 2018

	Contracted services	Employee related cost	Materials and supplies	Total
Buildings	1 782 643	1 616 869	153 363	3 552 875
Office equipment	1 786 526	-	5 696	1 792 222
Plant and equipment	208 948	-	32 742	241 690
Furniture and fittings	3 037	-	-	3 037
Motor vehicle	1 793 505	-	779 599	2 573 104
Other	94 838	-	2 181	97 019
	5 669 497	1 616 869	973 581	8 259 947

Reconciliation of repairs and maintenance 2017

	Contracted services	Employee related cost	Materials and supplies	Total
Buildings	1 500 810	1 537 090	1 039 554	4 077 454
Office equipment	1 353 669	-	6 784	1 360 453
Plant and equipment	105 091	-	46 083	151 174
Furniture and fittings	14 791	-	66 021	80 812
Motor vehicle	1 863 664	-	552 721	2 416 385
Other	115 172	-	3 498	118 670
	4 953 197	1 537 090	1 714 661	8 204 948

The amount disclosed as repairs and maintenance for the 2016/2017 financial year is restated see note 31.6 or details.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

9. Property, plant and equipment (continued)

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the Municipality.

No assets have been pledged as security.

Included in additions of buildings is an amount of R 461 681 that relates to work in progress. This amount also relates to the contractual commitment disclosed in note 48.

Other property, plant and equipment were split into the various classes as disclosed in the note for both the current and prior year.

10. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 254 322	(1 473 448)	780 874	2 192 562	(1 070 260)	1 122 302

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 122 302	61 760	(403 188)	780 874

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 332 814	165 680	(376 192)	1 122 302

11. Operating lease liability

Operating leases relate to buildings that are recognised on a straight line basis with lease terms of between one to 3 years. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

Liability

Non-current portion of straight lining	6 477	20 082
Current portion	13 605	11 257
	20 082	31 339

The Municipality entered into operating leases for the rental of office facilities. The lease agreements are between LSW Eiendomme BK, Witzenberg Municipality and Stellenbosch Municipality. The contracts are for a 3 (three) year period.

The additional disclosure is under financial instruments note 33.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

12. Finance lease obligation

Finance lease liabilities relate to cellphones with a contract term of 24 months (2017: 24 months). Amounts are paid monthly in arrears and the interest rates are linked to the average investment rate, currently at 8.15% (2017: 8.34%), for the duration of the contract. All finance lease contracts reached maturity during

The municipality approved a Telecommunications policy during the 2014/15 financial year, allowing employees to receive telephone allowances and the finance leases of cellphones to be phased out accordingly.

All finance lease contracts reached maturity during the 2017/2018 financial year.

No arrangements have been entered into for contingent rental payments.

Opening balance	3 454	12 982
Payments during the year	(3 454)	(9 528)
	<u>-</u>	<u>3 454</u>
Minimum lease payments due		
- within one year	-	3 454
Present value of minimum lease payments	<u>-</u>	<u>3 454</u>
Current liabilities	-	3 454
Non- Current liabilities	-	-
	<u>-</u>	<u>3 454</u>

13. Unspent conditional grants and receipts

Unspent conditional grants comprises of:

Community development workers grant	77 735	65 835
IDP support grant	-	1 473
Integrated transport planning	707 612	-
Municipal systems improvement grant	162	163
Municipal performance management grant	236 100	236 100
Western Cape financial management support grant	895 040	1 050 000
Rural roads asset management system	-	127 299
Tirelo Bosha: Public service improvement	235 369	235 369
Water and sanitation	35 559	35 560
Local government graduate internship grant	1 000	30 000
Western Cape financial capacity building grant	13 228	2 117
Public contributions and donations	727 945	680 300
	<u>2 929 750</u>	<u>2 464 216</u>

See note 22 & 23 for reconciliation of grants from National/Provincial Government.

These amounts are invested until utilised. (refer to note 3).

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
14. Payables from exchange transactions		
ACB's	2 787	4 192
Creditor accruals	3 197 492	2 974 113
Working for water (Department of Environmental Affairs)	812 430	330 045
Other payables	35 677	134 872
Payments received in advance	21 797	45 548
Retention	863 891	861 436
Roads function (Department of Transport and Public Works)	4 902 906	5 656 610
Trade payables	70 884	861 414
Unclaimed funds	468	5 167
	9 908 332	10 873 397
15. Employee benefits		
Short-term employee benefits		
Employee benefit accruals	631 127	802 956
Short term: Medical aid liability	7 157 684	6 608 762
Provision staff leave	14 121 185	12 826 298
13th Cheque	4 301 257	4 100 563
Short term: Ex- gratia benefit	98 748	128 057
Short term: Long term service award	2 437 142	1 268 447
Performance bonus	520 051	-
	29 267 194	25 735 083
Other long term employee benefits		
Long service award	9 939 003	10 134 940
Post-employee benefits		
Post-Retirement Medical aid benefits	145 983 861	144 042 124
Ex-gratia benefit	1 742 601	2 147 255
	147 726 462	146 189 379
Current liability	29 267 194	25 735 083
Non-current liability	157 665 465	156 324 319
	186 932 659	182 059 402

Post-retirement and medical aid benefits

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

In- service members will receive a post- employment subsidy of 60% or 70% of the contribution payable should they be a member of a medical aid at retirement.

All continuation members and their eligible dependents receive a 60% or 70% subsidy.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same subsidy.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

15. Employee benefits (continued)

-Bonitas
-Key Health
-Samwumed
-Hosmed
-LA Health

Details relating to eligible employees of the post-retirement medical aid benefit obligation are listed below.

Active members

Principal members	330	331
Average age	45,6	45,3
Average past service cost	R15,5 million	R15,1 million

Continuation members

Principal members	149	144
Average age	72,1	72,3

The amounts recognised in the Statement of Financial Position are -

Projected benefit obligation	153 141 544	150 650 885
------------------------------	-------------	-------------

The obligation in respect of past services has been estimated as follows:

Active members	70 444 126	72 161 588
Continuation members	82 697 418	78 489 298

Net obligation	153 141 544	150 650 886
-----------------------	--------------------	--------------------

The amounts recognised in the Statement of Financial Performance are

-		
Current service cost	4 141 210	4 747 947
Interest cost	14 067 577	12 613 740
Recognised actuarial (gains)/losses	(9 216 701)	(3 620 669)

Amount charged to Statement of Financial Performance	8 992 086	13 741 018
---	------------------	-------------------

The future service cost for the ensuing financial year is estimated to be R3 925 442, whereas the interest cost for the next year is estimated to be R14 216 169.

Movements in the present value of the defined benefit obligation were as follows

Opening benefit obligation liability	150 650 885	142 884 746
Payments to members	(6 501 427)	(5 974 878)
Charge to Statement of Financial Performance	8 992 086	13 741 018

Closing benefit liability	153 141 544	150 650 886
----------------------------------	--------------------	--------------------

The rate is calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield were taken from the bond yield curve at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

Key actuarial assumptions

Discount rate	9,50%	9,54%
Health care inflation	7,34%	7,85%

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

2018

2017

15. Employee benefits (continued)

Assumption	Change	Current service cost	Interest cost	Total	% change
Central Assumptions		4 141 200	14 067 600	18 208 800	
Health care inflation	1 %	5 130 200	16 160 100	21 290 300	17 %
	-1 %	3 373 500	12 346 600	15 720 100	-14 %
Discount rate	1 %	3 421 000	13 681 900	17 102 900	-6 %
	-1 %	5 076 200	14 454 000	19 530 200	7 %
Post- retirement mortality	-1 yr	4 271 900	14 587 600	18 859 500	4 %
Average retirement age	-1yr	4 409 800	14 571 500	18 981 300	4 %
Continuation of membership at retirement	-10 %	3 759 300	13 419 100	17 178 400	-6 %

Assumption	Change	In service	Continuation	Total	% change
Central assumptions		70 444 000	82 697 000	153 142 000	
Health care inflation	+1 %	84 203 000	90 428 000	174 631 000	+14 %
	-1 %	59 441 000	75 943 000	135 384 000	-12 %
Discount rate	+1 %	59 723 000	76 124 000	135 847 000	-11 %
	-1 %	84 039 000	90 339 000	174 379 000	+14 %
Post- retirement mortality	-1 yr	72 588 000	85 891 000	158 478 000	+3 %
Average retirement age	-1 yr	75 696 000	82 697 000	158 393 000	+3 %
Continuation of membership at retirement	-10 %	63 795 000	82 697 000	146 492 000	-4 %

History of Liabilities, Assets and Experience Adjustments	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018
Accrued liability	138 236 000	143 597 000	142 885 000	150 651 000	153 142 000
Experience adjustment	5 190 000	(6 068 000)	(9 608 000)	14 017 000	221 000

In terms of the memorandum of Agreement between the Western Cape Provincial Government, Department of Transport and Public Works, and the past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the Municipality. The future claim for roads staff for post employment medical aid has therefore been raised as an employee benefit asset.

Employee benefit asset

Opening balance	32 276 316	29 420 183
Current service cost	1 107 612	1 242 586
Payment received from WCPG	(6 537 999)	(1 418 590)
Interest cost	3 785 996	3 144 415
Benefits paid	(2 355 678)	(1 771 910)
Interest on payments from WCPG	(708 354)	(671 722)
Actuarial loss / (gain)	(2 473 496)	2 331 354
	25 094 397	32 276 316

Reconciliation of employee benefit asset

Short term portion	2 416 597	2 317 867
Long term portion	22 677 800	29 958 449
	25 094 397	32 276 316

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

15. Employee benefits (continued)

The assumptions used by the actuaries to calculate the portion of the roads staff is the same as was use to calculate the amount recognised as post employment medical aid.

The amounts recognised as the current portion is equal to the amount as recognised in the valuation report for the respective financial years.

Ex-gratia benefits

The ex- gratia pensions are pensions that are paid by the Municipality from its revenue i.e. and are not funded or paid from one of the Municipality's formalised pension arrangements.

All employees who did not participate in the Municipality's formal pension funds are entitled to a Revenue Pension, which are sometimes referred to as "Ex-gratia" pensions.

Details of employees eligible for ex-gratia benefits are detailed below.

Members

In-service employee for ex-gratia pension	8	10
In-service employees eligible for lump sum benefit on retirement	7	9
Eligible former employees receiving ex-gratia pension	1	2
Eligible spouses receiving ex-gratia pension	5	5

Average age in years

In-service employee for ex-gratia pension	56,40	56,20
In-service employees eligible for lump sum benefit on retirement	54,10	54,10
Eligible former employees receiving ex-gratia pension	63,20	63,00
Eligible spouses receiving ex-gratia pension	83,60	82,60

The amount recognised in the Statement of Financial Position are:

Projected benefit obligation	1 841 349	2 275 313
------------------------------	-----------	-----------

The amount recognised in the Statement of Financial Performance are:

Interest cost	203 633	215 592
Recognised actuarial (Gain) / Loss	(328 675)	336 114
	(125 042)	551 706

The future service cost for the ensuing financial year is estimated to be R nil, whereas the interest cost for the next financial year is estimated to be R166 217.

The rate is calculated by using a liability-weighted average of yields for the four components of the liability. For each of the four liability components, yields were determined by looking at the average term of the liability component and finding the fixed-interest and index-linked gilt yields at the relevant duration of the JSE (Best Decency) Zero Coupon bond yield curve.

Movements in the present value of the defined benefit obligation were as follows:

Opening benefit obligation	2 275 313	2 425 971
Payments to members	(308 921)	(702 364)
Actuarial (Gain) / Loss	(328 675)	336 114
Interest and service cost	203 633	215 592
Closed benefit obligation	1 841 350	2 275 313

Key actuarial assumptions

Discount rate	9,27 %	9,20 %
CPI inflation rate	5,66 %	7,09 %
Salary inflation rate	6,66 %	6,09 %

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

15. Employee benefits (continued)

Assumption	Change	Employees	Pensioners	Total Liability	% change
Central Assumptions		1 648 414	192 935	1 841 349	
Benefit Inflation rates	1 %	1 837 360	192 935	2 030 295	10 %
	-1 %	1 487 146	192 935	1 680 081	-9 %
Discount Rate	1 %	1 493 201	189 761	1 682 962	-9 %
	-1 %	1 832 663	196 297	2 028 960	10 %
Post-retirement mortality	-1yr	1 688 106	195 835	1 883 941	2 %
Average retirement age	-1yr	1 746 555	192 935	1 939 490	5 %

Assumption	Change	Interest cost	% change
Central Assumptions		203 633	
Benefit Inflation rates	+1 %	230 438	+13 %
	-1%	181 403	-11 %
Discount rate	+1 %	201 875	-1 %
	-1%	205 006	+1 %
Post-retirement mortality	-1 yr	208 445	+2 %
Average retirement age	-1 yr	213 517	+ 5 %

History of Liabilities, Assets and Experience Adjustments	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018
Accrued liability	2 812 858	2 401 554	2 425 971	2 275 313	1 841 349
Experience adjustment	(973 516)	(499 506)	372 632	589 506	(238 197)

Long service awards

The Municipality offers employees a long service award for every five years of service completed from 10 years of service to forty five years of service.

Details of employees eligible for long service awards are detailed below.

Members	412	424
Average age in years	47	46

The amounts recognised in the Statement of Financial Position are:

Projected benefit obligation	12 376 146	11 403 388
------------------------------	------------	------------

The amounts recognised in the Statement of Financial Performance are:

Current service cost	756 213	767 605
Interest cost	904 840	901 096
Recognised actuarial (gain) / losses	595 447	(337 083)

Amount charged to Statement of Financial Performance

2 256 500	1 331 618
------------------	------------------

The future service cost for the ensuing financial year is estimated to be R773 500, whereas the interest cost for the next financial year is estimated to be R948 265.

A discount rate of 8.48% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 8.48% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.73%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 29 June 2018

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

15. Employee benefits (continued)

A general salary inflation rate of 6.11% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 2.23%.

Movements in the present value of the benefit obligation were as follows:

Opening benefit obligation	11 403 388	11 306 743
Payment to members (benefits vesting)	(1 283 742)	(1 234 973)
Actuarial (Gain) / Loss	595 447	(337 083)
Interest and service cost charged to Statement of Financial Performance	1 661 053	1 668 701
Closing benefit obligation	12 376 146	11 403 388

Key actuarial assumptions

Discount rate	8,48%	8,39%
Salary inflation	6,11%	6,21%
Average retirement age	62,0	62,0

Assumptions	Change	Liability	% change
Central Assumptions		12 376 000	
General salary inflation	+1%	13 103 000	+6%
	-1%	11 717 000	-5%
Discount rate	+1%	11 682 000	-6%
	-1%	13 154 000	6%
Average retirement age	-2 yrs	10 371 000	-16%
	+2 yrs	14 093 000	14%
Withdrawal rates	-50%	13 892 000	12%

Assumption	Change	Current service cost	Interest cost	Total	% change
Central assumptions		756 200	904 800	1 661 000	
General salary inflation	1 %	817 100	963 400	1 780 500	7 %
	-1 %	702 100	851 700	1 553 800	-6 %
Discount rate	1 %	706 600	950 300	1 656 900	- %
	-1 %	813 000	852 100	1 665 100	- %
Average retirement age	-2 yrs	651 300	742 700	1 394 000	-16%
	+2 yrs	849 700	1 052 600	1 902 300	15 %
Withdrawal rates	-50%	929 600	1 029 500	1 959 100	18 %

History of Liabilities, Assets and Experience Adjustments	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018
Accrued liability	9 991 275	11 146 671	11 306 743	11 403 388	12 376 146
Experience adjustment	(600 586)	581 153	295 235	235 476	732 735

The Municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

a) LA Retirement Fund (Previously: Cape Joint Pension Fund)

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

15. Employee benefits (continued)

The scheme was established to provide benefits to employees. All existing members were given the option to transfer to Cape Joint Venture Fund before December 1990.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

Defined Benefit Scheme

The contribution rate payable under the defined benefit section is 27%, 9% by the members and 18 % by their councils. The actuarial valuation report at 30 June 2017 disclosed an actuarial valuation amounting to R1, 859, 077,000 (30 June 2016 : R2, 037, 843,000), with a net accumulated surplus of R46,989,000 (2016 : R67,791,000), with a funding level of 102.6% (30 June 2016 : 103.5%).

Defined Contribution Scheme

The actuarial valuation report at 30 June 2017 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R1,911,937,000 (30 June 2016 : R1,960,970,000), net investment reserve of R0 (30 June 2016 : R0) and with a funding level of 100% (2016 : 100%).

The actuary concluded that :

- The Pensioner account has a funding level of 102.6% with a surplus of R47.0 million and is in a sound financial condition as at the valuation date.
- There is a surplus of R47.0 million in The DB Section excluding the surplus in the Pensioner Account. The surplus has been allocated to the Pensioner Account.
- The overall funding level in respect of the DB Section including the Pensioner Account is 101.3% with a surplus of R47.0 million.
- The DC Section has a funding level of 100% and is in a sound Financial condition.
- Overall the fund is in a sound financial condition with a surplus of R47.0 million and the overall funding level of 102.6%.

The Trustees awarded a 3.3% pension increase effective 1 January 2018.

It is to be noted that :

- All the active members have now all been converted to the DC Section.
- There is no longer any contribution rate shortfall as this only applied to 29 residual DB Section active members, that have now also converted to the DC Section; and
- Both the DC Section and the DB Section were fully funded as at the valuation date.

The actuary certified that The Pensioner Account was 102.6% funded with a surplus of R47 million and is in a sound financial condition. The funding level in respect of the DB active members was 0%. The surplus was allocated to the Pensioners account as at 30 June 2016. The DB Section is in a sound financial condition and the DC Section has a funding level of 100% and is in a sound financial condition. Overall the Fund is in a sound financial condition with a surplus of R47 million and an overall funding level of 102.6%. The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

b) Consolidated Retirement Fund for Local Government

The Cape Joint Retirement Fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 7.5% of basic salary, whilst the respective Local Authorities are contributing 19.5%.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

15. Employee benefits (continued)

The statutory valuation performed as at 30 June 2016 revealed that the assets of the fund amounted to R20,075,000,000 (30 June 2015: R18,322,177,000), with funding levels of 118.0% and 100% (30 June 2015 112.1% and 100%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2016 & 2015. The contribution rate paid by the members (7,50%/9%) and the municipalities (19,50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

c) The Municipal Workers Retirement Fund(Previously:SAMWU National Provident Fund)

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948,000 (30 June 2014 : R6,574,775,000), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members Fund Credit, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The actuary certified that based on the 2017 valuation the Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the Risk Benefits Reserve and the Data and Error Reserve and to provide for an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is a substantial surplus of some R152.8 million. The Fund is therefore in a very sound financial position.

d) The Municipal Councillors Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short moratorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made a final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months.

16. Accumulated surplus

Ring- fenced internal funds within accumulated surplus - 2018

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	67 282 825	3 594 019	531 398 148	602 274 992
Surplus for the year	-	-	19 995 832	19 995 832
Property, plant and equipment purchases	(17 469 757)	1 885 209	15 584 548	-
Transfers from/ to reserve	13 917 555	-	(13 917 555)	-
Offsetting of depreciation	-	(535 926)	535 926	-
	63 730 623	4 943 302	553 596 899	622 270 824

Ring- fenced internal funds within accumulated surplus - 2017

	Capital replacement reserve	Government grant reserve	Other	Total
Opening balance	69 964 187	3 606 812	503 805 927	577 376 926

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand		2018	2017
16. Accumulated surplus (continued)			
Offsetting of depreciation	- (682 439)	682 439	-
Surplus for the year	-	24 898 066	24 898 066
Property, plant and equipment purchases	(10 681 362)	10 011 716	-
Donated/contributed property, plant and equipment	8 000 000	(8 000 000)	-
	67 282 825	3 594 019	531 398 148
			602 274 992

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

The comparative figures were restated. Refer to the prior period error note .

17. Service charges

Other service charges	70 756	626 891
-----------------------	--------	---------

18. Rental of facilities and equipment

Premises

Premises	123 908	107 481
----------	---------	---------

Included in the above rentals are operating lease rentals at straight-lined amounts of R - (2017: R -) as well as contingent rentals of R - (2017: R -).

19. Agency Services

Roads function (Department of Transport and Public Works)	96 411 275	101 792 721
Working for Water (Department of Environmental Affairs)	1 308 979	1 616 938
	97 720 254	103 409 659

20. Other income

Bad debt recovered	7	153 050
Brokerage	18 127	49 996
Electricity income (Eerste Begin)	11 574	14 195
Insurance income	318 234	286 260
Miscellaneous income	3 784	500 127
Miscellaneous roads income	-	66 211
Municipal health income	578 190	472 608
Interest SARS (VAT)	-	438 875
Admin fee (RRAMS)	134 150	134 150
LG SETA refund	276 956	306 173
Tender document income	184 788	172 142
	1 525 810	2 593 787

21. Investment revenue

Interest on investments	51 928 028	51 017 913
	51 928 028	51 017 913

22. Government grants and subsidies

Operating grants

Community development workers grant	62 099	51 669
Equitable share	1 886 000	4 090 000
Expanded Public Works	1 000 000	1 000 000
Local government financial management grant	1 250 000	1 250 000

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
22. Government grants and subsidies (continued)		
Western cape financial capacity building grant	226 772	117 883
IDP support grant	-	65 079
Integrated transport planning	192 388	220 220
Fire services capacity grant	800 000	-
Local government graduate internship grant	95 000	30 000
Western cape financial management support grant	634 960	687 487
RSC Levy Replacement grant	220 853 001	216 780 000
Rural roads asset management system	2 683 000	2 555 590
Sandhills - toilet hire	750 355	691 844
Tirelo Bosha: Public service improvement	-	16 628
	230 433 575	227 556 400

Unconditional

Included in above are the following unconditional grants and subsidies received:

Equitable share	1 886 000	4 090 000
RSC Levy Replacement grant	220 853 001	216 780 000
	222 739 001	220 870 000

Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act108 of 1996) to the municipality by the National Treasury.

Community development workers grant

Balance unspent at beginning of year	65 835	42 504
Current-year receipts	74 000	75 000
Conditions met - transferred to revenue	(62 100)	(51 669)
Refund of unspent portion	-	-
	77 735	65 835

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Community Development and Planning Services.

To provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators.

IDP support grant

Balance unspent at beginning of year	1 473	66 552
Conditions met - transferred to revenue	-	(65 079)
Refund of unspent portion	(1 473)	-
	-	1 473

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Office of the Municipal Manager.

Provide financial assistance to municipalities in support of their IDP reviews.

Integrated transport planning

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
22. Government grants and subsidies (continued)		
Balance unspent at beginning of year	-	1 570 199
Current-year receipts	900 000	-
Conditions met - transferred to revenue	(192 388)	(220 220)
Refund of unspent portion	-	(1 349 979)
	707 612	-

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services.

The funds were utilised to review and update the Districts integrated transport policy.

Local government financial management grant

Balance unspent at beginning of year	-	-
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
Refund of unspent portion	-	-
	-	-

Strategic Objective: Financial and Strategic Support Services.

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

This grant was mainly utilised to improve on the municipality's mSCOA implementation, audit outcome and to implement National Treasury's internship programme.

Municipal performance management grant

Balance unspent at beginning of year	236 100	236 100
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	-	-
	236 100	236 100

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Office of the Municipal Manager.

To provide financial assistance to municipalities to ensure functional and compliant performance management systems.

Public transport (Provincial)

Balance unspent at beginning of year	-	185 412
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	-	(185 412)
	-	-

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services

To develop, implement and promulgate an impoundment facility in the Drakenstein Local Municipal area in accordance with the National Land Transport Act, 2009 (Act 5 of 2009).

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

22. Government grants and subsidies (continued)

Western Cape financial management support grant

Balance unspent at beginning of year	1 050 000	1 041 861
Current-year receipts	480 000	920 000
Conditions met - transferred to revenue	(634 960)	(687 487)
Refund of unspent portion	-	(224 374)
	895 040	1 050 000

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Support Services and Office of the Municipal Manager.

To provide financial assistance to municipalities to improve overall governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal outcomes and addressing institutional challenges.

The Municipality utilised the funds for mSCOA implementation and support as well as for the internship co-ordination guidance project. The funds that are available are committed for the District Asset Management framework development project and for audit activities training.

Water and sanitation

Balance unspent at beginning of year	35 560	35 560
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	-	-
	35 560	35 560

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services

No funds were utilised during the 2016/2017 and 2017/18 financial year, but the municipality will review its masterplans in the near future.

Rural roads asset management system

Balance unspent at beginning of year	127 299	2 379 889
Current-year receipts	2 683 000	2 683 000
Conditions met - transferred to revenue	(2 683 000)	(2 555 590)
Refund of unspent portion	(127 300)	(2 380 000)
	-	127 299

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services

The purpose is to assist rural district municipalities in setting up their road asset management systems and collect road and traffic data inline with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

Municipal systems improvement grant

Balance unspent at beginning of year	162	667 163
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	-	(667 000)

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
22. Government grants and subsidies (continued)	162	163

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Support Services.

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislations.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
22. Government grants and subsidies (continued)		
Tirelo Bosha: Public service improvement		
Balance unspent at beginning of year	235 369	218 042
Current-year receipts	-	33 955
Conditions met - transferred to revenue	-	(16 628)
Refund of unspent portion	-	-
	235 369	235 369

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Community Development and Planning Services.

To draw up an evidence-based strategy anchored within current policy and legislative mandates, which is enhanced by situated research and social dialogue to practically address the need for improved farm worker housing, access to services and tenure security on and off-farms within the Cape Winelands District.

Sandhills-toilet hire

Balance unspent at beginning of year	-	-
Current-year receipts	750 355	512 020
Receivable	-	179 824
Conditions met - transferred to revenue	(750 355)	(691 844)
Refund of unspent portion	-	-
	-	-

Strategic Objective: Technical Services.

The subsidy is allocated to the municipality by the Department of Transport and Public Works as a refund for temporary toilets hired in Sandhills.

Expanded Public Works

Balance unspent at beginning of year	-	-
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
Refund of unspent portion	-	-
	-	-

Strategic Objective: Technical Services (see note 13).

This grant incentivises the municipality to expand job creation efforts through the use of labour intensive delivery methods in various identified focus areas, in compliance with the Expanded Public Works Programme Guidelines

The grant contributed towards increased levels of employment in areas where unemployment is relatively high as well as providing work experience and gaining expertise through in house training.

Local government graduate internship grant

Balance unspent at beginning of year	30 000	-
Current-year receipts	66 000	60 000
Conditions met - transferred to revenue	(95 000)	(30 000)
Refund of unspent portion	-	-
	1 000	30 000

Strategic Objective: Financial and Strategic Services (see note 13).

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

22. Government grants and subsidies (continued)

This grant provide financial assistance to municipalities in support of capacity building for the future by means of a graduate internship programme.

The aim of the grant is to address the shortage of administrative and institutional capability by providing opportunities to young unemployed graduates to gain practical workplace training, whilst assisting with capacity constraints within municipalities.

Western Cape financial capacity building grant

Balance unspent at beginning of year	2 117	-
Current-year receipts	240 000	120 000
Conditions met - transferred to revenue	(226 772)	(117 883)
Refund of unspent portion	(2 117)	-
	13 228	2 117

Strategic Objective: Financial and Strategic Services (see note 13).

This grant provide financial assistance to municipalities to assist with financial management capacity building objectives that will result in the improvement in the availability, competency and skill of municipal financial officials within municipal areas towards sustainable municipal BTO capabilities.

Fire service capacity grant

Current-year receipts	800 000	-
Conditions met - transferred to revenue	(800 000)	-
Refund of unspent portion	-	-
	-	-

Conditions still to be met - remain liabilities (see note 13).

This grant provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.

23. Public contributions and donations

Contributions from Farmers	-	194 526
Upgrade of Rural Roads: De Novo	-	2 953 908
	-	3 148 434

Reconciliation of conditional contributions

Balance unspent at beginning of year	680 300	196 436
Current-year receipts	47 645	3 632 298
Conditions met - transferred to revenue	-	(3 148 434)
	727 945	680 300

Conditions still to be met - remain liabilities (see note 13)

2018	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Balance unspent at the end of the year
Road station road Ceres	230 186	47 645	-	277 831
Upgrade of Rural Roads: De Novo	450 114	-	-	450 114
	680 300	47 645	-	727 945

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand 2018 2017

23. Public contributions and donations (continued)

2017	Balance unspent at beginning of year	Current year receipts	Conditions met- transferred to revenue	Balance unspent at the end of year
Contribution from Farmers (Electricity)	-	194 526	(194 526)	-
Road station road Ceres	196 436	33 750	-	230 186
Upgrade of Rural Roads: De Novo	-	3 404 022	(2 953 908)	450 114
	196 436	3 632 298	(3 148 434)	680 300

24. Employee related costs

Basic	103 297 944	95 496 428
Bonus	8 246 403	7 682 516
Medical aid - company contributions	10 886 845	10 269 151
UIF	779 899	768 871
WCA	1 021 854	1 036 883
Leave pay provision charge	2 024 338	1 070 474
Student work	1 472 326	1 642 086
Operators allowance	-	18 980
Defined contribution plans	17 792 109	16 763 666
Travel, motor car, accommodation, subsistence and other allowances	12 943 032	12 752 205
Overtime payments	5 831 204	6 053 069
Current service cost	3 789 811	4 272 966
Acting allowances	282 599	253 391
Actuarial loss/ (gain)	(6 476 434)	(5 952 992)
Housing benefits and allowances	4 478 287	4 515 113
Other allowances	5 306 087	4 893 436
Interest cost	11 390 054	10 586 013
Group schemes	1 206 235	1 100 094
Telephone and fax	605 353	583 223
Performance bonus	520 051	-
	185 397 997	173 805 573

2018	Long service awards	Ex gratia	PRMA	Less: Funded asset	Total
Current service cost	756 213	-	4 141 210	(1 107 612)	3 789 811
Interest cost	904 840	203 633	14 067 577	(3 785 996)	11 390 054
Net actuarial (gains)/ losses recognised	595 447	(328 675)	(9 216 701)	2 473 495	(6 476 434)
	2 256 500	(125 042)	8 992 086	(2 420 113)	8 703 431

2017	Long service awards	Ex gratia	PRMA	Less: Funded asset	Total
Current service cost	767 605	-	4 747 947	(1 242 586)	4 272 966
Interest cost	901 096	215 592	12 613 740	(3 144 415)	10 586 013
Net actuarial (gains)/ losses recognised	(337 083)	336 114	(3 620 669)	(2 331 354)	(5 952 992)
	1 331 618	551 706	13 741 018	(6 718 355)	8 905 987

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

24. Employee related costs (continued)

Remuneration of senior management

2018	Basic salary	Car allowance	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager (M. Mgajo)	97 452	10 964	25 666	28 106	162 188
Municipal Manager (H. Prins)	770 789	140 000	30 322	3 450	944 561
Chief Financial Officer	548 793	240 000	146 736	453 209	1 388 738
ED: Community development and planning services	978 022	178 546	217 347	13 800	1 387 715
ED: Technical services	999 139	120 000	228 430	13 800	1 361 369
	3 394 195	689 510	648 501	512 365	5 244 571
2017	Basic Salary	Car allowance	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager	962 069	120 000	253 306	307 626	1 643 001
Chief Financial Officer	500 648	240 000	133 967	432 013	1 306 628
ED: Community development and planning services	907 288	178 546	206 995	13 800	1 306 629
ED: Technical services	939 829	120 000	213 563	13 800	1 287 192
	3 309 834	658 546	807 831	767 239	5 543 450

The following accrued to key management personnel in terms of GRAP 25 at year end:

Staff leave

Municipal Manager	71 193	58 822
Chief Financial Officer	60 661	51 849
ED: Community Development and Planning Services	11 029	57 034
ED: Technical Services	66 176	57 034
	209 059	224 739

25. Remuneration of councillors

Executive Mayor	1 011 752	892 959
Deputy Mayor	513 376	501 423
Speaker	817 737	743 654
Other Councillors	9 020 161	8 078 258
	11 363 026	10 216 294

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

25. Remuneration of councillors (continued)

2018	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive Mayor	314 725	80 504	180 000	436 523	1 011 752
Deputy Mayor	390 175	-	122 701	500	513 376
Speaker	574 041	68 106	101 190	74 400	817 737
Other Councillors	6 460 650	220 524	1 672 987	666 000	9 020 161
	7 739 591	369 134	2 076 878	1 177 423	11 363 026
2017	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive Mayor	339 079	74 738	152 770	326 372	892 959
Deputy Mayor	356 912	13 648	114 979	15 884	501 423
Speaker	520 446	61 709	99 421	62 078	743 654
Other Councillors	5 757 245	176 657	1 683 886	460 470	8 078 258
	6 973 682	326 752	2 051 056	864 804	10 216 294

The salaries, allowances and benefits of Councillors are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

26. Depreciation and amortisation

Property, plant and equipment	9 917 360	8 004 371
Intangible assets	403 188	376 191
	10 320 548	8 380 562

27. Finance costs

Finance leases	91	901
----------------	----	-----

28. Debt impairment

Debt impairment	(2 187 943)	1 256 555
-----------------	-------------	-----------

29. General expenses

Achievements and awards	274 020	282 710
Advertising, publicity and marketing	4 152 375	4 500 689
Assets less than the capitalisation threshold	399 197	500 411
Bank charges, facility and card fees	56 877	85 683
Bargaining council	48 568	44 698
Bursaries (employees)	108 715	158 312
Communications	4 179 267	4 013 671
Courier and delivery services	36 186	36 197
Deeds	1 592	3 060
Drivers licences and permits	22 442	17 537
External audit fees	2 893 425	2 566 701
External computer services	8 171 520	5 536 824
Full time union representatives	170 608	114 437
Hire charges	15 614 966	18 803 363
Insurance underwriting	1 308 498	1 154 192

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
29. General expenses (continued)		
Licences	123 001	107 135
Municipal services	5 899 449	5 652 687
Parking fees	1 000	1 000
Printing and stationery	1 817 598	1 469 051
Printing, publication and books	536 101	229 229
Refreshments	372 469	562 555
Professional bodies, membership and subscription	1 793 612	2 094 925
Registration fees	303 502	191 041
Road worthy test	17 571	31 318
Skill development fund levy	1 551 349	1 452 361
Tollgate fees	214 752	221 112
Transport provided as part of departmental activities	2 753 337	5 338 690
Travel agency and visas	5 419	2 193
Travel and subsistence	2 273 405	2 025 483
Uniforms and protective clothing	1 198 066	1 577 837
Vehicle tracking	256 083	307 300
Wet fuel	7 451 364	7 175 159
Chemicals	452 348	398 054
Cleaning Materials	155 962	185 920
Materials and supplies	16 473 474	28 452 438
Fines and penalties	3 000	-
Entertainment	38 700	43 657
Consumables	542 320	489 335
	81 672 138	95 826 965
30. Auditors' remuneration		
Fees	2 893 425	2 566 701

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications had on the amount previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amount involved.

Statement of Financial Position

	Audited	Prior year error	Reclassification ns	Restated
Assets				
Current Assets				
Cash and cash equivalents	592 130 504	-	-	592 130 504
Trade receivables from exchange transactions	299 590	(2 014)	-	297 576
Other receivables from exchange transactions	15 499 238	216 412	-	15 715 650
Receivables from non-exchange transactions	179 824	80 000	-	259 824
Inventories	2 062 851	1 859	-	2 064 710
VAT receivable	5 138 895	(92 637)	-	5 046 258
Employee benefit asset	2 317 867	-	-	2 317 867
	617 628 769	203 620	-	617 832 389
Non-Current Assets				
Property, plant and equipment	158 807 448	(9 934 223)	-	148 873 225
Intangible assets	1 142 506	(20 204)	-	1 122 302
Employee benefit asset	29 958 449	-	-	29 958 449
	189 908 403	(9 954 427)	-	179 953 976
Total Assets	807 537 172	(9 750 807)	-	797 786 365
Liabilities				
Current Liabilities				
Payables from exchange transactions	10 183 200	690 197	-	10 873 397
Unspent conditional grants and receipts	2 464 216	-	-	2 464 216
Operating lease liability	11 257	-	-	11 257
Finance lease obligation	3 454	-	-	3 454
Provisions	-	79 564	-	79 564
Employee benefit obligation	25 735 083	-	-	25 735 083
	38 397 210	769 761	-	39 166 971
Non-Current Liabilities				
Operating lease liability	20 082	-	-	20 082
Employee benefit obligation	156 324 319	-	-	156 324 319
	156 344 401	-	-	156 344 401
Total Liabilities	194 741 611	769 761	-	195 511 372
Net Assets	612 795 561	(10 520 568)	-	602 274 993
Net Assets				
Accumulated surplus	612 795 561	(10 520 568)	-	602 274 993

31.1 Trade receivables from exchange transactions

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
31. Prior period errors (continued)		
Balance previously reported		299 590
Receivable - Fire		(2 014)
		297 576

A service was rendered for fire fighting during the 2016/2017 financial year and charged to service charges (R2 014). The amount was initially levied to an incorrect account. The reversal of this levy from the incorrect account was not previously removed from the trade and other receivables from exchange transactions (R2 014).

31.2 Other receivables from exchange transactions

Balance previously reported	15 499 238
Deposits	(5 000)
Injury on duty debtor	81 528
Employee debtor	1 991
SALGA Debtor	70 287
Insurance receivable	67 606
	15 715 650

A fuel deposit paid to a service provider to the amount of R5 000 was utilised by the service provider against the outstanding account of the municipality during the 2015/2016 financial year. The related expenditure to the amount of R5 000 incurred in the 2015/2016 financial statements was not previously disclosed in the financial statements.

Certain employees were identified that were paid a salary whilst the employees were on injury on duty leave. A debtor to the amount of R81 528 was not previously created for salaries that were paid to these employees amounting to R17 715 during the 2016/2017 financial year and R63 813 during the 2015/2016 financial year. The employees refunded the amounts to the municipality during the 2017/2018 financial year.

A debtor to the amount of R1 991 was not previously created for a salary that was incorrectly paid to an employee during the 2016/2017 financial year. This led to employee cost incorrectly including the amount of R1 991 as employee related costs in the 2016/2017 financial year.

The Municipality received a credit note from SALGA in the 2017/2018 financial year that relates to the 2016/2017 financial year. This credit note was not previously corrected to the 2016/2017 SALGA debtor to the amount of R70 287. This led to general expenditure previously being overstated to the amount of R70 287.

Insurance claims claimed by the Municipality were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The amounts above the excess amounts that were receivable by the municipality relating to matters that existed at reporting date became known. These amounts were previously not recognised as receivables to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year). This had a resultant effect on the other income to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year).

31.3 Receivables from non-exchange transactions

Balance previously reported	179 824
Refund from Local Tourism Associations	80 000
	259 824

Funding was provided by the Municipality towards two tourism projects during the 2016/2017 financial year to the amount of R80 000. These projects were not implemented by the two organisations receiving the funding during the 2016/2017 financial year. The two organisations were requested to repay the amounts to the Municipality. The amount of R80 000 was not previously recognised as receivables during the 2016/17 financial year.

31.4 Inventories

Balance previously reported	2 062 851
Inventory written off reversed	1 859

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors (continued)

2 064 710

Certain inventory items amounting to R1 859 were identified during the current year that was incorrectly written off during the 2016/2017 financial year. Inventory was incorrectly reduced with R1 859 and inventory losses/write-offs were incorrectly increased with R1 859.

31.5 VAT receivable

Balance previously reported	5 138 895
VAT rejection	(106 774)
Creditor accruals	14 137
	-
	5 046 258

The South African Revenue Services (SARS) identified four tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the December 2016 and June 2017 VAT periods. These amounts were incorrectly included during the 2016/2017 financial year as part of the VAT receivable (R106 774), VAT on Contracted services (R91 091) and VAT on general expenditure (R15 682).

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant contracted services expenditure (R99 777), general expenditure (R1 199) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

31.6 Property, plant and equipment

Balance previously reported	158 807 448
Erf 16405: Land, buildings and accumulated depreciation not previously recognised	1 565 724
5 Erven in La Motte and Hermon: Land, buildings and accumulated depreciation incorrectly included on assets disposed	(1 964 315)
Repairs and maintenance incorrectly included as buildings	(2 778)
Correction of depreciation on 5 erven in La Motte and Hermon included after the disposal date of the assets	155 703
Depreciation of other assets incorrectly included in PPE moved to intangible assets	27 221
Correction of error of accounting estimate	(9 715 778)
Office Equipment- Cost of disposal	(180 800)
Office Equipment- Accumulated depreciation of disposal	180 800
Plant & Equipment- Cost of disposal	2 538
Plant & Equipment- Accumulated depreciation of disposal	(2 538)
Other Assets- Cost of disposal	176 938
Other Assets- Accumulated depreciation of disposal	(176 938)
	148 873 225

Erf 16405 Stellenbosch consisting of land and buildings that is owned by the Municipality was previously omitted from the asset register and subsequently from the 2016/2017 financial statements. Land (R1 547 659), Buildings R181 740) and Accumulated depreciation (R163 675) was omitted from the 2016/2017 financial statements. This had a resultant effect on the opening balance of Accumulated surplus of the 2016/2017 financial year of R1 569 359 and Accumulated surplus of the 2016/2017 financial year of R3 635 (Total accumulated surplus R1 565 724).

Land and buildings relating to low cost housing situated on 5 erven in Hermon and La Motte was incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the Municipality but rather with the current occupants of the houses. The error impacted land (R86 583), buildings (R1 949 933), accumulated depreciation (R72 201) and accumulated surplus – loss on disposal of asset (R1 964 315).

Repairs and maintenance of buildings to the amount of R2 907 was incorrectly capitalised as buildings - cost to the amount of R2 907 in the 2015/2016 financial statements. Depreciation was incorrectly charged against this capitalisation of the asset of R129 resulting in a net effect of R2 778 in Property, plant and equipment.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors (continued)

Depreciation amounting to R43 552 (2016/2017) and R112 151 (2015/2016) relating to land and buildings consisting of low cost housing situated on 5 erven in Hermon and La Motte was previously incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the Municipality but rather with the current occupants of the houses.

An intangible asset was identified during the 2013/2014 financial year that was incorrectly included as an asset in the 2012/13 financial year. The asset should have been commissioned during 2013/2014 and not in 2012/13. The prior year error correction relating to the removal of the cost of the asset as an intangible asset was correctly made during the 2013/2014 financial year. The removal of the amortisation incorrectly included in the 2012/13 financial year was incorrectly captured against depreciation for other assets to an amount of R27 222. The amount of R27 222 should have been charged to the amortisation of intangible assets in the 2012/2013 financial statements.

The residual value of the buildings was previously calculated at 50% of the cost price. It was determined that this was an error as it is not the intention of management to sell municipal property. Where property was transferred to the local municipality or to the community, the transfers were made at R0. An error existed in that the residual value should have been calculated at R0. The error impacted Accumulated depreciation (R9 715 779), accumulated surplus 2015-2016 (R11 267 994) and the surplus of 2016-2017 (R1 552 216). The surplus for 2016-2017 consists of a correction to depreciation of R1 282 248 and loss on disposal of assets of R269 968.

The cost and accumulated depreciation of office equipment, plant and equipment and other assets's disposal was incorrectly disclosed, however the carrying values of these assets were disclosed correct.

Repairs and maintenance

The repairs and maintenance sub note within note 9 was restated due to transactions erroneously not included as repairs and maintenance in the 2016/2017 financial year. An amount of R677 103 was added and the amount is made up of 11 transactions. The table below indicates which category of assets and expenditure classification was affected by the restatement.

Restatement of repairs and maintenance reconciliation 2017	Contracted services	Employee related cost	Materials and supplies	Total
Office equipment	677 103	-	-	677 103

31.7 Intangible assets

Balance previously reported	1 142 506
Depreciation of other assets incorrectly included in PPE moved to intangible assets	(27 222)
Assets included against the incorrect vote in prior years	7 018
	1 122 302

An intangible asset was identified during the 2013/2014 financial year that was incorrectly included as an asset in the 2012/2013 financial year. The asset should have been commissioned during 2013/2014 and not in 2012/2013. The prior year error correction relating to the removal of the cost of the asset as an intangible asset was correctly made during the 2013/2014 financial year. The removal of the amortisation incorrectly included in the 2012/2013 financial year was incorrectly captured against depreciation for other assets to an amount of R27 222. The amount of R27 222 should have been charged to the amortisation of intangible assets in the 2012/2013 financial statements.

An intangible asset was identified during the 2013/2014 financial year that was incorrectly included as an asset in the 2012/2013 financial year. This error was reversed in the 2013/2014 financial year. The reversal was however overstated with an amount of R7 018 that led to intangible assets being reduced with an additional amount of R7 018 with the same effect to the 2012/2013 accumulated surplus.

31.8 Payables from exchange transactions

Balance previously reported	10 183 200
Accruals	115 112
Payables SITA and Nashua	575 085

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors (continued)

10 873 397

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant contracted services expenditure (R99 777), general expenditure (R1 199) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

Invoices relating to two suppliers were identified during the 2017/2018 financial year that related to the 2015/2016 and the 2016/2017 financial years. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R575 088). General expenditure (R339 196) and lease rentals on operating lease (R176 919) were not included in the 2016/2017 financial statements. Lease rentals on operating lease (R58 973) were not included in the 2015/2016 financial statements.

31.9 Provisions

Balance previously reported	-
Provision (Insurance)	79 564
	79 564

Insurance claims relating to third party payments were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The excess amounts payable by the Municipality relating to matters that existed at reporting date became known during this period. These amounts were previously not recognised as provisions to the amount of R79 564 (2016/2017 financial year) and R25 481 (2015/2016 financial year). This had a resultant effect on the general expenditure to the amount of R79 564 (2016/2017 financial year) and R25 481 (2015/2016 financial year).

31.10 Accumulated surplus

Balance previously reported	612 795 561
Prior year expenditure amended due to correction of error included in Payables from exchange transactions: Accruals	(100 975)
Prior year expenditure amended due to correction of error included in Payables from exchange transactions: Payables	(575 087)
Gain on recognition of asset: Land, buildings and accumulated depreciation not previously recognised (Erf 16405)	1 565 724
Loss on disposal of asset: 5 Erven in La Motte and Hermon: Land, buildings and accumulated depreciation	(1 964 315)
Repairs and maintenance incorrectly included as buildings	(2 778)
Depreciation on 5 erven in La Motte and Hermon incorrectly included after the disposal date of the assets	155 703
Intangible Assets included against the incorrect vote in prior years	7 018
Prior year expenditure amended due to correction of error included in Other receivables from exchange transactions: Deposits	(5 000)
Prior year employee cost amended due to correction of error included in Other receivables from exchange transactions: Injury on duty debtor	81 528
Prior year employee cost amended due to correction of error included in Other receivables from exchange transactions: Other debtors	1 991
Prior year General expenses amended due to correction of Other receivables from exchange transactions: SALGA Debtor	70 287
Prior year service charges amended due to correction of Trade Receivables from exchange transactions: Fire	(2 014)
Inventory losses/ write offs amended due to correction of Inventory written off reversed	1 859
Transfer payments and subsidies amended due to prior year Funding provided by the municipality not utilised: Receivables from non-exchange transactions	80 000
Prior year contracted services and general expenditure amended due to the VAT adjustment	(106 776)
Provision (Insurance)	(79 563)
Receivable (Insurance)	67 608
Correction error in accounting estimate	(9 715 778)

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors (continued)

602 274 993

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant contracted services expenditure (R99 777), general expenditure (R11999) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

Invoices relating to two suppliers were identified during the 2017/2018 financial year that related to the 2015/2016 and the 2016/2017 financial years. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R575 088). General expenditure (R339 196) and lease rentals on operating lease (R176 919) were not included in the 2016/2017 financial statements. Lease rentals on operating lease (R58 973) were not included in the 2015/2016 financial statements.

Erf 16405 Stellenbosch consisting of land and buildings that is owned by the Municipality was previously omitted from the asset register and subsequently from the 2016/2017 financial statements. Land (R1 547 659), buildings R181 740) and Accumulated depreciation (R163 675) was omitted from the 2016/2017 financial statements. This had a resultant effect on the opening balance of Accumulated surplus of the 2016/2017 financial year of R1 569 359 and accumulated surplus of the 2016/2017 financial year of R3 635 (Total accumulated surplus R1 565 724).

Land and buildings relating to low cost housing situated on 5 erven in Hermon and La Motte was incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the municipality but rather with the current occupants of the houses. The error impacted land (R86 583), buildings (R1 949 933), accumulated depreciation (R72 201) and accumulated surplus – loss on disposal of asset (R1 964 315).

Repairs and maintenance of buildings to the amount of R2 907 was incorrectly capitalised as buildings - cost to the amount of R2 907 in the 2015/2016 financial statements. Depreciation was incorrectly charged against this capitalisation of the asset of R129 resulting in a net effect of R2 778 in Property, plant and equipment.

Depreciation amounting to R43 552 (2016/2017) and R112 151 (2015/2016) relating to land and buildings consisting of low cost housing situated on 5 erven in Hermon and La Motte was previously incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the municipality but rather with the current occupants of the houses.

An intangible asset was identified during the 2013/2014 financial year that was incorrectly included as an asset in the 2012/2013 financial year. This error was reversed in the 2013/2014 financial year. The reversal was however overstated with an amount of R7 018 that led to intangible assets being reduced with an additional amount of R7 018 with the same effect to the 2012/2013 accumulated surplus.

A fuel deposit paid to a service provider to the amount of R5 000 was utilised by the service provider against the outstanding account of the municipality during the 2015/2016 financial year. The related expenditure to the amount of R5 000 incurred in the 2015/2016 financial statements was not previously disclosed in the financial statements.

Certain employees were identified that were paid a salary whilst the employees were on injury on duty leave. A debtor to the amount of R81 528 was not previously created for salaries that were paid to these employees amounting to R17 715 during the 2016/2017 financial year and R63 813 during the 2015/2016 financial year. The employees refunded the amounts to the Municipality during the 2017/2018 financial year.

A debtor to the amount of R1 991 was not previously created for a salary that was incorrectly paid to an employee during the 2016/2017 financial year. This led to employee cost incorrectly including the amount of R1 991 as employee related costs in the 2016/2017 financial year.

The Municipality received a credit note from SALGA in the 2017/2018 financial year that relates to the 2016/2017 financial year. This credit note was not previously corrected to the 2016/2017 SALGA debtor to the amount of R70 287. This led to general expenditure previously being overstated to the amount of R70 287.

A service was rendered for fire fighting during the 2016/2017 financial year and charged to service charges (R2 014). The amount was initially levied to an incorrect account. The reversal of this levy from the incorrect account was not previously removed from the trade and other receivables from exchange transactions (R2 014).

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors (continued)

Certain inventory items amounting to R1 859 were identified during the current year that was incorrectly written off during the 2016/2017 financial year. Inventory was incorrectly reduced with R1 859 and inventory losses/ write offs were incorrectly increased with R1 859.

Funding was provided by the Municipality towards two tourism projects during the 2016/2017 financial year to the amount of R80 000. These projects were not implemented by the two organisations receiving the funding during the 2016/2017 financial year. The two organisations were requested to repay the amounts to the Municipality. The amount of R80 000 was not previously recognised as receivables during the 2016/2017 financial year.

The South African Revenue Services (SARS) identified four tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the December 2016 and June 2017 VAT periods. These amounts were incorrectly included during the 2016/2017 financial year as part of the VAT receivable (R106 774), VAT on Contracted services (R91 091) and VAT on General expenditure (R15 682).

Insurance claims relating to third party payments were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The excess amounts payable by the municipality relating to matters that existed at reporting date became known during this period. These amounts were previously not recognised as provisions to the amount of R79 565 (2016/2017 financial year) and R25 478 (2015/2016 financial year). This had a resultant effect on the general expenditure to the amount of R79 565 (2016/2017 financial year) and R25 478 (2015/2016 financial year).

Insurance claims claimed by the Municipality were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The amounts above the excess amounts that were receivable by the Municipality relating to matters that existed at reporting date became known. These amounts were previously not recognised as receivables to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year). This had a resultant effect on the other income to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year).

The residual value of the buildings was previously calculated at 50% of the cost price. It was determined that this was an error as it is not the intention of management to sell municipal property. Where property was transferred to the local municipality or to the community, the transfers were made at R0. An error existed in that the residual value should have been calculated at R0. The error impacted Accumulated depreciation (R9 715 779), accumulated surplus 2015-2016 (R11 267 994) and the surplus of 2016-2017 (R1 552 216). The surplus for 2016-2017 consists of a correction to depreciation of R1 282 248 and loss on disposal of assets of R269 968.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

2018

2017

31. Prior period errors (continued)

Statement of Financial Performance

	Audited	Prior year error	Reclasification s	Restated
Revenue				
Revenue from exchange transactions				
Service charges	628 905	(2 014)	-	626 891
Rental of facilities and equipment	107 481	-	-	107 481
Agency services	103 409 659	-	-	103 409 659
Other income	2 528 856	64 931	-	2 593 787
Interest received - investment	51 017 913	-	-	51 017 913
Total revenue from exchange transactions	157 692 814	62 917	-	157 755 731
Revenue from non-exchange transactions				
Transfer revenue				
Government grants and subsidies	227 556 400	-	-	227 556 400
Public contributions and donations	3 148 434	-	-	3 148 434
Fines, Penalties and Forfeits	2 000	-	-	2 000
Total revenue from non-exchange transactions	230 706 834	-	-	230 706 834
Total revenue	388 399 648	62 917	-	388 462 565
Expenditure				
Employee related costs	(173 771 849)	(33 724)	-	(173 805 573)
Remuneration of councillors	(10 216 294)	-	-	(10 216 294)
Depreciation and amortisation	(9 702 787)	1 322 225	-	(8 380 562)
Finance costs	(901)	-	-	(901)
Debt impairment	(1 256 555)	-	-	(1 256 555)
Repairs and maintenance	(54 387 899)	-	54 387 899	-
Bad debt written off	(22 676)	-	-	(22 676)
Contracted services	-	(190 868)	(58 037 318)	(58 228 186)
Lease rentals on operating lease	(380 819)	(176 919)	-	(557 738)
Transfers and subsidies	-	80 000	(13 355 051)	(13 275 051)
General Expenses	(112 545 001)	(286 434)	17 004 470	(95 826 965)
Total expenditure	(362 284 781)	714 280	-	(361 570 501)
Operating surplus	26 114 867	777 197	-	26 892 064
Loss on disposal of assets and liabilities	(2 181 097)	269 967	-	(1 911 130)
Inventories losses/ write-downs	(84 728)	1 860	-	(82 868)
	(2 265 825)	271 827	-	(1 993 998)
Surplus for the year	23 849 042	1 049 024	-	24 898 066

31.11 Service charges

Balance previously reported
Receivables (Fire)

628 905

(2 014)

626 891

A service was rendered for fire fighting during the 2016/2017 financial year and charged to service charges (R2 014). The amount was initially levied to an incorrect account. The reversal of this levy from the incorrect account was not previously removed from the trade and other receivables from exchange transactions (R2 014).

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors (continued)

31.12 Other Income

Balance previously reported	2 528 856
Receivable insurance	64 931
	2 593 787

Insurance claims claimed by the Municipality were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The amounts above the excess amounts that were receivable by the Municipality relating to matters that existed at reporting date became known. These amounts were previously not recognised as receivables to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year). This had a resultant effect on the other income to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year). The nett effect of the previous amounts equals R64 931.

31.13 Employee related costs

Balance previously reported	(173 771 849)
Debtors raised not accurate	1 991
Injury on Duty claim	17 725
Employee cost moved to general expenditure	(53 440)
	(173 805 573)

A debtor to the amount of R1 991 was not previously created for a salary that was incorrectly paid to an employee during the 2016/2017 financial year. This led to employee cost incorrectly including the amount of R1 991 as employee related costs in the 2016/2017 financial year.

Certain employees were identified that were paid a salary whilst the employees were on injury on duty leave. A debtor to the amount of R81 528 was not previously created for salaries that were paid to these employees amounting to R17 715 during the 2016/2017 financial year and R63 813 during the 2015/2016 financial year. The employees refunded the amounts to the Municipality during the 2017/2018 financial year.

A settlement amount of R53 440 for the termination of the services of an employee was incorrectly included as employee related costs during the 2016/2017 financial year. The amount of R53 440 should have been reflected as general expenditure.

31.14 Depreciation and amortisation

Balance previously reported	(9 702 787)
Depreciation: Buildings	39 977
Correction error in accounting estimate	1 282 248
	(8 380 562)

Depreciation amounting to R3 635 relating to Erf 16405 Stellenbosch consisting of land and buildings that is owned by the Municipality was previously omitted from the asset register and subsequently from the 2016/2017 financial statements.

Depreciation amounting to R43 612 relating to land and buildings consisting of low cost housing situated on 5 erven in Hermon and La Motte was previously incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the Municipality but rather with the current occupants of the houses.

The residual value of the buildings was previously calculated at 50% of the cost price. It was determined that this was an error as it is not the intention of management to sell municipal property. Where property was transferred to the local municipality or to the community, the transfers were made at R0. An error existed in that the residual value should have been calculated at R0. The error impacted Accumulated depreciation (R9 715 7790), accumulated surplus 2015-2016 (R11 267 994) and the surplus of 2016-2017 (R1 552 216). The surplus for 2016-2017 consists of a correction to depreciation of R1 282 248 and loss on disposal of assets of R269 968.

31.15 Repairs and maintenance

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
31. Prior period errors (continued)		
Balance previously reported		(54 387 899)
General expenditure - reclassification		47 902 849
Contracted services - reclassification		5 906 843
Transfers and subsidies - reclassification		578 207
		<u>-</u>

Repairs and maintenance expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding Repairs and maintenance amounting to R54 387 899 to General expenditure (R47 902 849), to Contracted services (R5 906 843) and to Transfers and subsidies (R578 207).

31.16 Contracted services

Balance previously reported	-
General expenditure - reclassification	(52 130 476)
Repairs and maintenance - reclassification	(5 906 843)
VAT Claim Rejected	(91 091)
Accrual raised	(99 776)
	<u>(58 228 186)</u>

General expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding General expenditure amounting to R64 901 319 to Contracted services (R52 130 476) and to Transfers and subsidies (R12 776 843).

Repairs and maintenance expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding Repairs and maintenance amounting to R54 387 899 to General expenditure (R47 902 849), Contracted services (R5 906 843) and to Transfers and subsidies (R578 207).

The South African Revenue Services (SARS) identified four tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the December 2016 and June 2017 VAT periods. These amounts were incorrectly included during the 2016/2017 financial year as part of the VAT receivable (R106 774), VAT on Contracted services (R91 091) and VAT on General expenditure (R15 682).

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant contracted services expenditure (R99 777), general expenditure (R1 199) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors (continued)

31.17 Lease rentals on operating lease

Balance previously reported	(380 819)
Provisions (Insurance)	(176 919)
	(557 738)

Invoices relating to two suppliers were identified during the 2017/2018 financial year that related to the 2015/2016 and the 2016/2017 financial years. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R575 088). General expenditure (R339 196) and Lease rentals on operating lease (R176 919) were not included in the 2016/2017 financial statements. Lease rentals on operating lease (R58 973) were not included in the 2015/2016 financial statements.

31.18 Transfers and subsidies

Balance previously reported	-
Refund from Local Tourism Associations	80 000
General expenditure- reclassification	(12 776 843)
Repairs and maintenance - reclassification	(578 208)
	(13 275 051)

Funding was provided by the Municipality towards two tourism projects during the 2016/2017 financial year to the amount of R80 000. These projects were not implemented by the two organisations receiving the funding during the 2016/2017 financial year. The two organisations were requested to repay the amounts to the Municipality. The amount of R80 000 was not previously recognised as receivables during the 2016/17 financial year.

General expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding General expenditure amounting to R64 901 319 to Contracted services (R52 130 476) and to Transfers and subsidies (R12 776 843).

Repairs and maintenance expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding repairs and maintenance amounting to R54 387 899 to general expenditure (R47 902 849), to Contracted services (R5 906 843) and to Transfers and subsidies (R578 208).

31.19 General Expenses

Balance previously reported	(112 545 001)
Correction of external computer services	(339 196)
Correction employee related cost	53 440
Restatement from repairs and maintenance	(47 902 849)
Restatement to contracted services	52 130 476
Restatement to transfers and subsidies	12 776 843
VAT claim rejected	(15 681)
Correction insurance: 2016/2017	(79 565)
Reversal of insurance provision: 2015/2016	25 480
Correction of electricity	(1 199)
SALGA Debtor	70 287
	(95 826 965)

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors (continued)

Invoices relating to two suppliers were identified during the 2017/2018 financial year that related to the 2015/2016 and the 2016/2017 financial years. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R575 088). General expenditure (R339 196) and lease rentals on operating lease (R176 919) were not included in the 2016/2017 financial statements. Lease rentals on operating lease (R58 973) were not included in the 2015/2016 financial statements.

A settlement amount of R53 440 for the termination of the services of an employee was incorrectly included as Employee related costs during the 2016/2017 financial year. The amount of R53 440 should have been reflected as General expenditure.

Repairs and maintenance expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding repairs and maintenance amounting to R54 387 899 to General expenditure (R47 902 849), to Contracted services (R5 906 843) and to Transfers and subsidies (R578 208).

General expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding General expenditure amounting to R64 901 319 to Contracted services (R52 130 476) and to Transfers and subsidies (R12 776 843).

The South African Revenue Services (SARS) identified four tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the December 2016 and June 2017 VAT periods. These amounts were incorrectly included during the 2016/2017 financial year as part of the VAT receivable (R106 774), VAT on Contracted services (R91 091) and VAT on General expenditure (R15 682).

Insurance claims relating to third party payments were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The excess amounts payable by the Municipality relating to matters that existed at reporting date became known during this period. These amounts were previously not recognised as provisions to the amount of R79 565 (2016/2017 financial year) and R25 478 (2015/2016 financial year). This had a resultant effect on the General expenditure to the amount of R79 565 (2016/2017 financial year) and R25 478 (2015/2016 financial year).

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant Contracted services expenditure (R99 777), General expenditure (R1 199) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

The Municipality received a credit note from SALGA in the 2017/2018 financial year that relates to the 2016/2017 financial year. This credit note was not previously corrected to the 2016/2017 SALGA debtor to the amount of R70 287. This led to general expenditure previously being overstated to the amount of R70 287.

31.20 Inventories losses/ write-downs

Balance previously reported	(84 728)
Correction of stock written off	1 860
	(82 868)

Certain inventory items amounting to R1 859 were identified during the current year that was incorrectly written off during the 2016/2017 financial year. Inventory was incorrectly reduced with R1 859 and inventory losses/write-offs were incorrectly increased with R1 859.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

31. Prior period errors (continued)

31. 21 Additional disclosure

Financial instruments:

The comparative amounts that were disclosed in the 2017/2018 financial instruments disclosure note number 33 were amended from the amounts disclosed in the 2016/2017 financial statements. This was due to the correction of errors as included in note 31 relating to Trade receivables from exchange transactions (note 31.1), Other receivables from exchange transactions (note 31.2) and receivables from non-exchange transactions (note 31.3).

Additional disclosure in terms of the Municipal Finance Management Act (MFMA): VAT

The comparative amount that was disclosed in the 2017/2018 additional disclosure in terms of the MFMA: VAT disclosure note number 38.5 was amended from the amount disclosed in the 2016/2017 financial statements. This was due to the correction of errors as included in note 31 relating to VAT receivable (note 31.5).

Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005, regulation 45: Included in note 40.2.

The disclosure regarding the particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the stated in the previous twelve months refers. Two relationships were identified during the 2017/2018 financial year that was previously quantified up to 30 June 2017. Evidence was presented that confirmed that the relationship regarding Moreson Grondverskuiwers BK ceased on 31 December 2016 and the relationship regarding Lumber & Lawn (Pty) Ltd ceased on 31 March 2017. The total payments made to these suppliers were restated to only include the amounts up to the date when the relationship ceased to exist. This led to the total disclosure reducing from the previously disclosed R20 716 238 (Moreson Grondverskuiwers BK R14 023 458 and Lumber & Lawn (Pty) Ltd R9 552) to the restated amount of R11 775 058 (Moreson Grondverskuiwers BK R5 086 347 and Lumber & Lawn (Pty) Ltd R5 483).

Contingencies: Included in note 44.1

Insurance claims relating to third party payments were finalised after the reporting date of 30 June 2017 but prior to the date when the financial statements were authorised for issue. The excess amounts payable by the municipality relating to matters that existed at reporting date became known during this period. This led to contingent liabilities relating to third party accident claims previously disclosed as 8 insurance claims awaiting an outcome being restated to 7 insurance claims that were still awaiting an outcome from the insurance companies.

Contingent asset: Included in note 44.2

Insurance claims claimed by the municipality were finalised after the reporting date of 30 June 2017 but prior to the date when the financial statements were authorised for issue. The amounts above the excess amounts that were receivable by the municipality relating to matters that existed at reporting date became known. This led to contingent assets previously disclosed as 16 insurance claims awaiting an outcome being restated to 4 insurance claims that were still awaiting an outcome from the insurance companies.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
32. Cash generated from operations		
Surplus	19 995 832	24 898 066
Adjustments for:		
Depreciation and amortisation	10 320 548	8 380 562
Gain on sale of assets and liabilities	8 881 450	1 911 130
Finance costs - Finance leases	91	901
Debt impairment	(2 187 943)	1 256 555
Movements in operating lease assets and accruals	(11 257)	13 957
Movements in retirement benefit assets and liabilities	12 055 176	5 542 517
Movements in provisions	(57 944)	54 087
Inventory write off	-	82 868
Changes in working capital:		
Other receivables from exchange transactions	(9 711 529)	(1 242 486)
Trade Receivables from exchange transactions	2 470 870	573 540
Other receivables from non-exchange transactions	190 366	(259 824)
Payables from exchange transactions	(965 065)	(2 967 544)
VAT	26 975	(651 501)
Unspent conditional grants and receipts	465 534	(4 175 502)
Inventories	271 831	71 170
	41 744 935	33 488 496

33. Financial Instruments

Financial risk management

The accounting policy for financial instruments were applied to the following Statement of Financial Position items:

Financial assets at amortised cost

Trade receivables from exchange transactions	14 649	297 576
Other receivables from exchange transactions	22 106 225	13 168 778
Receivables from non-exchange transactions	69 458	259 824
Cash and cash equivalents	616 034 060	592 130 504
	638 224 392	605 856 682

Financial liabilities at amortised cost

Payables from exchange transactions	9 908 332	10 873 397
Finance lease obligation	-	3 454
Operating lease liability	20 082	31 339
	9 928 414	10 908 190

Refer to notes 4, 5 and 8 for additional disclosures.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

33. Financial Instruments (continued)

Liquidity risk

The Municipality has limited exposure to liquidity risk and is able to meet its financial obligations as it falls due. The Municipality limits exposure to liquidity risk by ensuring all liabilities are cash backed.

The following are contractual maturities of financial assets and liabilities.

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables form exchange transactions	9 908 332	-	-	-
Operating lease liability	13 605	6 477	-	-
At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables form exchange transactions	10 873 397	-	-	-
Finance lease obligation	3 454	-	-	-
Operating lease liability	11 257	20 082	-	-

Credit risk

Credit risk consists mainly of cash and cash equivalents. The Municipality only deposits cash with multiple banks, limiting exposure to any one counter-party.

The carrying amount of receivables and cash & cash equivalents represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets at amortised cost	2018	2017
Other receivables from exchange transactions	22 106 225	13 168 778
Trade receivables from exchange transactions	14 649	297 576
Cash and cash equivalents	616 034 060	592 130 504
Receivables from non-exchange transactions	69 458	259 824

Fair Values

Due to their short maturities the fair values of all financial instruments are substantially identical to the values reflected in the statement of financial position.

There were no changes in the Municipality's approach to financial risk management from the prior year.

Interest rate risk

The Municipality's exposure to interest rate risk and effective interest rate on financial instruments at balance sheet date are as follows:

The council has no outstanding loans as at 30 June 2018 (2017: R nil). The average interest rate on investments is 8.15% (2017: 8.34%). The Municipality invest with multiple banks with varying interest rates linked to the prime rate.

Market risk

It is the risk that changes in market prices, such as foreign currency exchange rates and interest rates, will affect the Municipality's projected income. The Municipality does not hold any assets that are impacted by changes in the market.

Foreign currency risk is deemed to be minimal as very few international transactions are conducted.

There were no changes in the Municipality's approach to financial risk management from the prior year.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

34. Going concern

We draw attention to the fact that at 30 June 2018, the Municipality had an accumulated surplus (deficit) of R 622 270 824 (2017: R612 057 387) and that the Municipality's total assets exceed its total liabilities by R 622 270 824 (2017: R 612 057 387).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

With the abolishment of the Regional Services Council Levies on 30 June 2006, the Cape Winelands District Municipality is dependent on Government Grants, including the Equitable Share, for approximately 60% of the Municipality's revenue. In addition, Provincial Allocations, including the rendering of the Roads Function & Working for Water, account for a further 26%.

35. Unauthorised expenditure

Reconciliation of Unauthorised expenditure

Opening Balance	-	-
Approved by Council or condoned	-	-
	-	-
Unauthorised expenditure awaiting authorisation	-	-

36. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure (Amounts disclosed include VAT)

Opening Balance	-	-
Prior year Fruitless and wasteful expenditure identified in the current year that await investigation by MPAC	60 015	-
Fruitless and wasteful expenditure awaiting investigation by MPAC	374 536	-
Amounts established irrecoverable and written-off	-	-
Amounts recoverable	-	-
Amounts not recoverable	-	-
Fruitless and wasteful expenditure awaiting approval	434 551	-

Payments were made in terms of a contract with a consulting engineer where the maximum contractual value was charged even though the project was not fully completed and where the amounts charged, exceeded the allowable fee that is based on the sub-appointed contractor's costs.

Disciplinary steps taken / criminal proceedings

- An internal investigation has been conducted by an appointed service provider;
- Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
- Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
- Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and
- No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved as at year end.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

37. Irregular expenditure

Reconciliation of Irregular expenditure (Amounts disclosed include VAT)

Opening balance	-	-
Prior year irregular expenditure identified in the current year that await investigation by MPAC	113 746	-
Irregular expenditure awaiting investigation by MPAC	47 719	-
Amounts established irrecoverable and written-off	-	-
Amounts recoverable	-	-
Amounts not recoverable	-	-
	161 465	-

Reconciliation of Irregular expenditure (Amounts disclosed include VAT)

An expansion in excess of 20% was made on a contract for an appointed consulting engineer without following the process in terms of Section 116(3) of the MFMA.

a) An internal investigation has been conducted by an appointed service provider;
b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
d) Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and
e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved as at year end.

88 301 -

Total

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
37. Irregular expenditure (continued)		
Goods and Services were acquired without following adequate processes in terms of the Supply Chain Management Policy of the Municipality.		
a) An internal investigation has been conducted by the Municipality's Internal Audit Unit;	73 164	-
b) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;		
c) Relevant consequence management processes will be instituted upon receipt of final report; and		
d) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved as at year end.		
	-	-
38. Additional disclosure in terms of Municipal Finance Management Act		
38.1 Contributions to organised local government		
Current year subscription / fee	1 826 274	1 777 085
Amount paid - current year	(1 734 960)	(1 688 231)
Discount received 5% (5%:2017)	(91 314)	(88 854)
	<u>-</u>	<u>-</u>
38.2 Audit fees		
Current year audit fee: Auditor General	2 893 425	2 566 701
Current year audit fee: Audit Committee	107 031	105 076
Amount paid	(3 010 013)	(2 672 699)
	<u>(9 557)</u>	<u>(922)</u>
38.3 PAYE, UIF and SDL		
Current year subscription / fee	(30 793 490)	(27 955 803)
Amount paid - current year	30 793 490	27 955 803
	<u>-</u>	<u>-</u>
38.4 Pension and Medical Aid Deductions		
Current year subscription / fee	(56 749 225)	(53 162 613)
Amount paid - current year	56 749 225	53 162 613
	<u>-</u>	<u>-</u>

Included in medical aid deductions are amounts paid in terms of post employment obligations.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

38. Additional disclosure in terms of Municipal Finance Management Act (continued)

38.5 VAT

VAT receivable	5 019 283	5 046 258
----------------	-----------	-----------

The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21.

All VAT returns have been submitted by the due date throughout the year.

38.6 Councillors' arrear consumer accounts

During the financial year under review no Councillor was in arrears with the settlement of rates or services.

However, the following amounts are outstanding in respect of the over payment of remuneration due to the upward change in the grading of Witzenberg, Drakenstein and Langeberg Municipality as well as the termination/resignation of councillors and loss of assets.

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. P Heradien (resigned 10/12/2014)	-	10 315	10 315
Cllr. C. Mcako (resigned 29/06/2016)	-	1 138	1 138
Cllr. Z.L. Gwada	-	2 463	2 463
Cllr. S. Ross	-	4 387	4 387
Cllr. S.W. Nyamana	-	769	769
Cllr. L.S. Sambokwe	-	7 028	7 028
Cllr. S.C. Rens	-	11 013	11 013
	-	37 113	37 113

In respect of the upward grading of the local municipalities within the district:

The Municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Bearers Act, 1998 from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration. In view of the said determination, the Municipality recovered all overpayments as a result of the upward grading of its local municipalities, except for the above mentioned councillors, where payment arrangements have been made.

No cooperation has been received from the then Cllr P. Heradien, thus the Municipality will pursue further legal action. In addition Cllrs Ross, Gwada and Nyamana did not honour the payment arrangements made and the Municipality will pursue further legal action. New payment arrangements have been made with Cllr Sambokwe & Cllr Rens and the outstanding balance will be recovered from each claim/ allowance as it becomes due to them.

In respect of resignations / terminations:

The then Cllr. C. Mcako did not honour the previous arrangement made to settle the outstanding amount on 31 July 2017. The Municipality will pursue further legal action.

30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. P Heradien (resigned 10/12/2014)	-	10 315	10 315
Cllr. C. Mcako (resigned 29/06/2016)	-	1 138	1 138
Cllr. A.F. Afrika	2 387	-	2 387
Cllr. Z.L. Gwada	2 463	-	2 463
Cllr. S. Ross	4 387	-	4 387
Cllr. S.W. Nyamana	769	-	769
Cllr. L.S. Sambokwe	20 772	-	20 772

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
38. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Cllr. S.C. Rens	20 772	-
Cllr. E. Gouws	17 631	-
Cllr. M.M. Adriaanse	17 631	-
Cllr. A.J. Shibili	4 025	-
Cllr. D. Carinus	3 920	-
	94 757	11 453
		106 210

The Municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Bearers Act, 1998 from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration. In view of the said determination, the Municipality recovered all overpayments as a result of the upward grading of its local municipalities, except for the above mentioned councillors, where payment arrangements have been made.

The Municipality's appointed collection agency is in the process to negotiate payment arrangements to be made with the attorney of the then Cllr P. Heradien.

In respect of resignations / terminations:

During July 2016 the Municipality was informed of Cllr Mcako's resignation on 29 June 2016, resulting in the receivable. The then Cllr. C. Mcako arranged to settle the outstanding amount on 31 July 2017.

In respect of the loss of assets:

The amount owed by Cllr Carinus originated due to the theft of a laptop under the said councillors control and it was agreed that the cost of the laptop will be fully recovered as at the end of August 2017.

38.7 Particulars of non-compliance

MFMA section 116(3) states that a contract or agreement procured through the supply chain management policy of the municipality may be amended by the parties, but only after—

- a) The reasons for the proposed amendment have been tabled in the council of the municipality; and
- b) The local community—
 - i) has been given reasonable notice of the intention to amend the contract or agreement; and
 - ii) has been invited to submit representations to the municipality.

Furthermore, the Supply Chain Management Policy of the Municipality states that any expansion or variation in excess of 20% must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.

An expansion in excess of 20% was made on a contract for an appointed consulting engineer in respect of geotechnical, survey & health and safety functions. The non-compliance occurred in the 2016/2017 financial year and was identified in the 2017/2018 financial year. Goods and services were acquired without following adequate procurement processes and the prior year non-compliance was identified in the 2017/2018 financial year. (Amounts disclosed are inclusive of VAT)

Regulation 2(3)(a) of the Municipal Supply Chain Management Regulations, 2005 stipulates that no municipality may act otherwise than in accordance with its supply chain management policy when procuring goods or services. Goods or services were acquired without following adequate procurement processes. The non-compliance for the prior year was identified in the 2017/2018 financial year. (Amounts disclosed are inclusive of VAT).

Expansion above 20% without following S116(3) of the MFMA	-	88 301
Acquisition of goods and services without following adequate procurement processes	47 719	25 445
	47 719	113 746

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

38. Additional disclosure in terms of Municipal Finance Management Act (continued)

The Municipality intends to request National Treasury for condonation in terms of Section 170 of the MFMA on the matters above.

38.8 Intergovernmental allocations

Section 123 of the MFMA determines that the municipality must disclose information on any allocations made by the municipality to another municipality. The following allocations were made to local municipalities within the CWDM for projects as identified by the respective local municipality in terms of service level agreements:

Intergovernmental allocations made to another municipality

Breede Valley Municipality	500 000	300 000
Drakenstein Municipality	-	300 000
Langeberg Municipality	500 000	300 000
Stellenbosch Municipality	-	300 000
Witzenberg Municipality	500 000	300 000
	1 500 000	1 500 000

39. Reconciliation between budget and annual financial statements

Reconciliation of variances between budget statement and the final budget:

39.1 Statement of financial performance

Service charges (Amount as per budget schedule)	-	-
Service charges	200 000	-
Transfer to Fines, Penalties and Forfeits	(2 500)	-
Amount as per final approved budget	197 500	-

Service charges were remapped from Other revenue to adhere to the standards of GRAP and provision was made for income received from Fines, penalties and forfeits.

Rental of facilities and equipment (Amount as per budget schedule)	131 000	-
Transfer to Other Income	(1 000)	-
Amount as per final approved budget	130 000	-

No provision was made for revenue collected from the sale of photocopies and maps. Pre-mSCOA these items were recorded under miscellaneous income.

Agency Services (Amount as per budget schedule)	117 635 343	-
Management fees	377 000	-
Amount as per final approved budget	118 012 343	-

Management fees was remapped from other revenue to Agency services to adhere to the standards of GRAP.

Licences and permits (Amount as per budget schedule)	350 000	-
Licences and permits	(350 000)	-
Amount as per final approved budget	-	-

Licences and permits were remapped to Other revenue to adhere to the standards of GRAP.

Transfers and subsidies (Amount as per budget schedule)	232 537 100	-
SETA refunds	(289 000)	-

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

39. Reconciliation between budget and annual financial statements (continued)

Amount as per final approved budget	232 248 100	-
--	--------------------	----------

SETA refunds were remapped from Transfers and subsidies to Other revenue to adhere to the standards of GRAP.

Fines, penalties and forfeits (Amount as per budget schedule)	-	-
Fines, penalties and forfeits	2 500	-
Amount as per final approved budget	2 500	-

No provision was made for fines, penalties and forfeits and a transfer was done from Service charges.

Other revenue (Amount as per budget schedule)	1 331 450	-
Management fees	(377 000)	-
Service charges	(197 500)	-
SETA refunds	289 000	-
Income: exhibitions	(50 000)	-
License and permits	350 000	-
Fines, penalties and forfeits	(2 500)	-
Transfer from Rental of facilities and equipment	1 000	-
Amount as per final approved budget	1 344 450	-

Other revenue was remapped to adhere to the standards of GRAP

Employee related costs (Amount as per budget schedule)	200 764 514	-
Learnerships and Internships	2 087 000	-
Learnerships and Internships (Transfer to general expenses)	(435 300)	-
Workmen's compensation fund	1 084 100	-
Workmen's compensation fund (Transfers to general expenses)	(3 479)	-
Bargaining council	(24 800)	-
Transfers to Employee related costs	1 044 299	-
Amount as per final approved budget	204 516 334	-

Learnerships and internships and Workmen's compensation fund were remapped from General expenses to Employee related cost to adhere to standards of GRAP. Bargaining council was remapped from Employee related cost to General expenses to adhere to the standards of GRAP.

Depreciation and amortisation (Amount as per budget schedule)	10 000 403	-
Depreciation and amortisation (Transfers from other expenditure categories)	1 652 796	-
Amount as per final approved budget	11 653 199	-

Finance cost (Amount as per budget schedule)	8 000	-
Transfers from finance cost	(1 900)	-
Amount as per final approved budget	6 100	-

Lease rentals on operating lease (Amount as per budget schedule)	-	-
Lease rentals on operating lease	1 029 500	-
Amount as per final approved budget	1 029 500	-

Lease rentals on operating lease were remapped from General expenses to adhere to the standards of GRAP.

Transfers and subsidies (Amount as per budget schedule)	9 708 500	-
Transfers and subsidies (Transfers to and from transfers and subsidies)	4 726 927	-
Amount as per final approved budget	14 435 427	-

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

39. Reconciliation between budget and annual financial statements (continued)

Transfers were made from and to Transfers and subsidies to adhere to standards of GRAP.

Contracted services (Amount as per budget schedule)	68 487 760	-
Income from exhibitions	-	-
Transfers to and from Contracted services	(7 548 074)	-
Amount as per final approved budget	60 939 686	-

Transfers from and to contracted services was necessary to allocate items against correct expenditure categories according to GRAP

Other materials (Amount as per budget schedule)	23 111 231	-
Transfers to and from Other materials	(2 303 208)	-
General expenses	(20 808 023)	-
Amount as per final approved budget	-	-

Due to the implementation of mSCOA many items were recorded against incorrect expenditure categories; virements were needed to address these errors. Other materials were remapped to General expenses to adhere to the standards of GRAP..

General Expenses (Amount as per budget schedule)	76 895 272	-
Learnerships and Internships	(2 087 000)	-
Bargaining council	24 800	-
Workmen's compensation fund	(1 084 100)	-
Lease rental on operating leases	(1 029 500)	-
Other materials	20 808 023	-
Transfers to and from general expenses	(6 424 247)	-
Income from exhibitions	(50 000)	-
Amount as per final approved budget	87 053 248	-

Income from exhibitions was remapped from Other Revenue to General expenses to adhere to the standards of GRAP. Learnerships and Internships and Workmen's compensation fund were remapped from General expenses to Employee related cost to adhere to the standards of GRAP. Bargaining council was remapped from Employee related cost to general expenses to adhere to the standards of GRAP. Lease rentals on operating lease were remapped from general expenses to adhere to the standards of GRAP.

Loss on disposal of assets and liabilities (Amount as per budget schedule)	20 000	-
Transfer to Inventories losses / write downs	(5 000)	-
Transfer to Impairment loss	(35 001)	-
Transfers to Loss on disposal of assets	9 327 186	-
Amount as per final approved budget	9 307 185	-

Transfers from Loss on disposal of PPE was done to make provision for Inventories losses and impairment losses. Transfers were made to Loss on disposal of property, plant and equipment to make provision for disposal of assets at year end.

Inventories losses / write downs (Amount as per budget schedule)	-	-
Transfer from Loss on disposal of PPE	5 000	-
Amount as per final approved budget	5 000	-

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

39. Reconciliation between budget and annual financial statements (continued)

39.2 Statement of financial position

Receivables from non-exchange transactions (Amount as per budget schedule)	5 694 595	-
VAT receivable	(5 200 000)	-
	494 595	-

VAT receivable was remapped from receivables form non-exchange transactions to adhere to the standards of GRAP.

Trade and other payables from exchange transactions (Amount as per budget statement)	20 059 131	-
Unspent conditional grants	(2 228 846)	-
Amount as per final approved budget	17 830 285	-

Unspent conditional grants was remapped from trade and other payables to adhere to the standards of GRAP.

Unspent Conditional Grants (Amount as per budget statement)	-	-
Unspent Conditional Grants	2 228 846	-
Amount as per final approved budget	2 228 846	-

Unspent conditional grants was remapped from trade and other payables to adhere to the standards of GRAP

39.3 Cashflow statement

Suppliers and Employees (Amount as per budget statement)	380 741 716	-
Transfers and Grants	9 708 500	-
Finance charges	8 000	-
Amount as per final approved budget	390 458 216	-

Transfers and grants and finance charges were remapped to adhere to the standards of GRAP.

Employee cost (Amount as per budget statement)	-	-
Employee cost	200 764 514	-
Amount as per final approved budget	200 764 514	-

Employee cost was remapped to adhere to the standards of GRAP.

Remuneration of councillors (Amount as per budget statement)	-	-
Remuneration of councillors	11 482 939	-
Amount as per final approved budget	11 482 939	-

Remuneration of councillors was remapped to adhere to the standards of GRAP.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

2018

2017

40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005

40.1 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b).

2018	Total Value (incl. VAT)	Emergency	Sole Supplier/ Agent	Impractical	Impossible
July	611 733	-	19	11	-
August	866 277	-	16	12	-
September	552 630	-	14	25	-
October	494 422	-	15	15	-
November	235 849	-	7	20	-
December	336 605	-	4	21	-
January	2 271 102	-	30	6	-
February	606 642	-	16	11	-
March	732 460	-	5	10	-
April	103 984	-	2	5	-
May	1 272 105	-	9	16	-
June	1 233 099	-	19	12	-
	9 316 908	-	156	164	-
2017	Total Value (incl. VAT)	Emergency	Sole Supplier/ Agent	Impractical	Impossible
July	960 539	1	-	15	-
August	1 130 352	-	2	42	-
September	321 325	1	1	5	-
October	321 533	-	3	23	-
November	605 908	-	13	32	-
December	188 742	-	5	19	-
January	903 752	-	8	37	-
February	617 815	-	9	15	-
March	529 481	-	24	109	-
April	350 107	-	4	24	-
May	751 684	1	7	24	-
June	423 771	-	4	31	-
	7 105 009	3	80	376	-

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

2018

2017

40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)

40.2 Regulation 45 - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. (Amounts disclosed include VAT)

Name of Institution	Supplier	Relationship	Name of family	Capacity		
Cape Winelands District Municipality	C Bar Landscaping Close Corporation	Cousin	E. Niemand	Senior Administrator: Quotations & Tenders	398 017	256 893
Cape Winelands District Municipality	AE Human T/A Astra Catering	Child	L. Burger	Senior Administrator: Quotations & Tenders	315 210	507 424
Cape Winelands District Municipality	C E Minnar T/A Exquisite High Tea	Son/ Daughter in- law	C. Roland	Senior Manager: Revenue & Expenditure Management	-	144 677
Cape Winelands District Municipality	M & N Bakwerkwe Close Corporation	Brother/ Sister	E. Nimand	Senior Administrator: Quotations & Tenders	71 961	7 684
Cape Winelands District Municipality	America Busdiens	Child	V. Africa	Workshop Assistant- Robertson	25 850	123 580
Cape Winelands District Municipality	Vallei Auto Herstelwerke Proprietary Limited	Child	J. Mostert	Traffic Officer	-	30 562
Cape Winelands District Municipality	Price Catering and Cleaning (Pty) Ltd	Child	C. Price	Student: Information & Communication Technology	38 810	-
City of Cape Town	NCC Environmental Services Proprietary Limited	Spouse	C. Rhoda	Head of Invasive Species: Biodiversity Centre, West Lake	702 989	619 041
Department of Agriculture	BK Enterprises	Spouse	Mrs Kruger	Technician: Sheep farming at Dept of Agriculture	-	1 400
	Masiqhame Trading 77 Close Corporation				93 562	96 920
Department of Agriculture	Masiqhame Trading 77 Close Corporation	Child	B. Qxilishe	Snr Admin officer: Dept of Agriculture, Forestry & Fisheries		
Western Cape Education Department	Masiqhame Trading 77 Close Corporation	Child	S Qxilishe	Teacher at Du Noon		
City of Cape Town	Gryde Enterprises Proprietary Limited	Child	G. Brandon	Personal Assistant to Council Manager at City of Cape Town	1 000	9 500

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand					2018	2017
40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)						
Department of Economic Development and Tourism	SMEC South Africa Proprietary Limited	Spouse	Y. Phosa	MEC: Economic Development	2 892 571	2 760 442
Department of Education	J Walters t/a J C Travel	Spouse	C. Walters	Secretary at School	41 100	220 050
Department of Education	Lumber & Lawn Proprietary Limited	Spouse	J. van Zyl	Teacher (Resigned: 31/03/2017)	-	5 483
Department of Education	Piston Power Chemicals Close Corporation	Spouse	N. Andhee	Teacher	319 635	399 627
Department of Education	Robertson Shell Trust	Spouse	D.B. Augustyn	Teacher at Dagbreek Primary	92 676	285 206
Department of Education	Valley Funerals (Worcester)	Spouse	D. Jantjies	Invigilator (Periodic Worker)	-	15 250
Department of Health	Kings Catering	Sister	T. September	Ass.Director: Fin SCM: Admissions Info Management	-	106 100
Department of Health	Berlin Construction & Logistics Proprietary Limited	Child	M. Martin	Admin Officer	-	12 122
Department of Health	Moreson Grondverskuiwers	Child	E. Honing	Community Worker (2016)	-	5 086 347
Department of Human Settlements	Sms ICT Choice Proprietary Limited	Spouse	N. Maqula	Director	166 068	-
	Faure and Faure Incorporated				4 560	9 329
Department of Justice	Faure and Faure Incorporated	Director	L.W. Fortuin	Magistrate		
Department of Justice	Faure and Faure Incorporated	Spouse	Chantal	Judge		
Drakenstein Municipality	S Pietersen t/a SP Health and Sanitation	Parent	A. Allom	Councillor (Resigned 2016)	90 000	89 940
South African Police Services	Ajee Consultancy Close Corporation	Spouse	J. Williams	Sergeant	19 425	96 545
South African Police Services	Jah Guide Agriculture Proprietary Limited	Spouse	G. Davids	Captain	603 159	539 874
	Aurecon South Africa Proprietary Limited				-	87 722

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

2018

2017

40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)

Special Investigating Unit	Aurecon South Africa Proprietary Limited	Spouse	H.C. Ahischlager	Legal Representative
City of Cape Town	Aurecon South Africa Proprietary Limited	Parent	C.J. Barry	Head: Finance
Oudtshoorn Municipality	Aurecon South Africa Proprietary Limited	Parent	T. Botha	Technical Manager
Cape Nature	Aurecon South Africa Proprietary Limited	Spouse	W.Z Erasmus	Program Manager
West Cost District Municipality	Aurecon South Africa Proprietary Limited	Parent	H.G. Esterhuysen	Senior Manager - Roads
Transnet Port Terminals	Aurecon South Africa Proprietary Limited	Son	N. Geldenhuys	Mechatronic Engineer
Nkosi Albert Luthuli Hospital	Aurecon South Africa Proprietary Limited	Sister	Dr. Y. Goga	Senior Specialist - Paediatric Haematology
Umgeni Water/Asset Management	Aurecon South Africa Proprietary Limited	Daughter	T. Govender	Fleet Maintenance Administrator
Northern Cape Department of cooperative Governance	Aurecon South Africa Proprietary Limited	Parent	S.M. Grobbelaar	Town and Regional Planner
Limpopo Department of Economic Development Environment & Tourism	Aurecon South Africa Proprietary Limited	Brother	E. Herholdt	Manager
Stellenbosch Municipality	Aurecon South Africa Proprietary Limited	Parent	A. Heyns	Assistant Superintendent
SARS	Aurecon South Africa Proprietary Limited	Spouse	J.H. Higgs	Regional Manager
Department of Correctional Services	Aurecon South Africa Proprietary Limited	Spouse	A. Hougaard	Principle Network Controller
Eastern Cape Department of Education	Aurecon South Africa Proprietary Limited	Spouse	J. Jacobs	Personal Assistant to Chief Director
Hessequa Municipality	Aurecon South Africa Proprietary Limited	Parent	B. Kleynhans	Accountant
CWDM & Breede Valley Municipality	Aurecon South Africa Proprietary Limited	Parent	Cr. B.J. Kriegler	Councillor
Department of Home Affairs	Aurecon South Africa Proprietary Limited	Spouse	M. Marques	Deputy Director
Department of Local Government and Traditional Affairs	Aurecon South Africa Proprietary Limited	Uncle	D. Mayekiso	Official

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand				2018	2017
40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)					
Buffalo City Metropolitan Municipality	Aurecon South Africa Proprietary Limited	Employee	M. Mayekiso	Aurecon employee (resigned 31 December 2014)	
Eastern Cape Arts and Culture Council	Aurecon South Africa Proprietary Limited	Parent	R.T. Mehlala	Chief Executive Officer	
Department of Water Affairs	Aurecon South Africa Proprietary Limited	Parent	A.J. Moore	Chief Engineer	
National Department of Public Works	Aurecon South Africa Proprietary Limited	Spouse	K. Nadasen	Director: Key Account Management	
Buffalo City Metropolitan Municipality	Aurecon South Africa Proprietary Limited	Spouse	D. Ntsebeza	Official	
Intsika Yethu Municipality	Aurecon South Africa Proprietary Limited	Cousin	M. Ntsebeza	Official	
Intsika Yethu Municipality	Aurecon South Africa Proprietary Limited	Cousin	N. Ntsebesa	Official	
Eastern Cape Department of Health	Aurecon South Africa Proprietary Limited	Parent	N.H. Ntsebeza	Official	
Sol Plaatje Municipality	Aurecon South Africa Proprietary Limited	Spouse	S.M. O'Connell	Librarian	
Sol Plaatje Municipality	Aurecon South Africa Proprietary Limited	Parent	P.S. Pretorius	Chief Officer - Community Services	
SA Reserve Bank	Aurecon South Africa Proprietary Limited	Spouse	J.H. Riekert	Engineering	
Ekurhuleni Metropolitan Municipality	Aurecon South Africa Proprietary Limited	Parent	J.M Robertson	Roads Engineer	
City of Cape Town	Aurecon South Africa Proprietary Limited	Sister	S. Seegers	Head of Security Architecture	
Nelson Mandela Bay Metropolitan University	Aurecon South Africa Proprietary Limited	Spouse	Dr. M. Skead	Senior Manager - Staff Development	
Ekurhuleni Metropolitan Municipality	Aurecon South Africa Proprietary Limited	Parent	R. Tebane	Executive Manager	
Nelson Mandela Metropolitan University Business School	Aurecon South Africa Proprietary Limited	Spouse	J. Theron	Head: Graduate School Relations	
Department of Water Affairs	Aurecon South Africa Proprietary Limited	Spouse	J. Tredoux	Deputy Director - Accounts Payable	
Eskom	Aurecon South Africa Proprietary Limited	Father-in-Law	M. van Rensburg	Executive at Transmission Department	

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand					2018	2017
40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)						
Stellenbosch Municipality	Aurecon South Africa Proprietary Limited	Father	A.N. van Taak	Director - Water and Sewerage		
Eastern Cape Department of Health	Aurecon South Africa Proprietary Limited	Spouse	Z.C. Venter	Deputy Director - Employment Relations		
City of Cape Town	Aurecon South Africa Proprietary Limited	Parent	P.C. Vermeulen	Superintendent - Building Maintenance		
Correctional Services	Aurecon South Africa Proprietary Limited	Parent	J. Wilkins	Vice Director - Provincial		
IDC	Aurecon South Africa Proprietary Limited	Spouse	N.S. Wolmarans	Senior Accounts Manager		
	Gibb Proprietary Limited				-	263 340
Department of Rural Development and Land Reform	Gibb Proprietary Limited	Brother	D. Moffett	Director: Spatial Planning & Land Use Management		
City of Cape Town	Gibb Proprietary Limited	Spouse	A. Moon	Head: Business Continuity		
National Treasury - Office of Accountant General	Gibb Proprietary Limited	Brother-in-law	J. Watson	Director - Accounting Support and Reporting		
Department of Education	Gibb Proprietary Limited	Spouse	S. Cilliers	Teacher		
Ethekwini Municipality	Gibb Proprietary Limited	Aunt	F. Peer	Deputy Mayor, Chair of Finance and Procurement		
National Department of Water Affairs and Forestry	Gibb Proprietary Limited	Spouse	N. Mkhize	Accounting Clerk		
Department of Education — Free State	Gibb Proprietary Limited	Mother	I. Brink	Teacher		
Department of Correctional Services	Gibb Proprietary Limited	Spouse	N. Mzayiya	Correctional Officer		
Department of Transport and Public Works	Gibb Proprietary Limited	Spouse	J. Gooch	Head of Department		
Department of National Treasury	Gibb Proprietary Limited	Spouse	U. Lekonyana	Deputy Director - Grant Monitoring and Analysis		
Department of Water Affairs and Forestry	Gibb Proprietary Limited	Parent	D. Kiewiet	Area Manager (North)		
Eskom	Gibb Proprietary Limited	Spouse	R. Beharie	Senior Engineer		

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand					2018	2017
40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)						
Economic Development	Gibb Proprietary Limited	Brother	F.F. Phidza	Director ICT		
Sports and Recreation	Gibb Proprietary Limited	Brother	R. Phidze	Senior Control Officer		
Eskom Rotek Industries	Gibb Proprietary Limited	Sister	T. Phidza	Junior Service Engineer		
Depart of Minerals Resource	Gibb Proprietary Limited	Brother-in-law	H.H. Netshikweta	Senior Inspector		
Eskom Generation	Gibb Proprietary Limited	Sister-in-law	T.V. Kabi	Senior Technician		
Gauteng Department of Education	Gibb Proprietary Limited	Spouse	K. Naidoo	Head of Department Mathematics		
City Engineers	Gibb Proprietary Limited	Brother	M.B. Haq	Architect/Town Planner		
					5 876 593	11 775 058

In the case of Moreson Grondverskuiwers, the relevant child was in service of the state until 31 December 2016 and in the case of Lumber and Lawn the relevant spouse retired on 31 March 2017, therefore the disclosure of the 2016/2017 financial year was adjusted as follows:

The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21.

Moreson Grondverskuiwers	Restated 2017	2017
Lumber & Lawn Proprietary Limited	5 086 347	14 023 458
	5 483	9 552
	5 091 830	14 033 010

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

41. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Provision (Insurance claims)	79 564	21 620	(79 564)	21 620

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Provision (Insurance claims)	25 478	79 565	(25 479)	79 564

The provision relates to insurance claims, which were not finalised at year end, but was finalised before the financial statements was authorised for issue.

42. Transfers and subsidies

Fire services	250 000	250 000
Farmer households	3 896 688	3 722 776
Community and social services	1 882 798	150 000
Bursaries	1 713 760	3 274 566
Social relief	798 000	2 738 309
Tourism	1 700 000	1 316 520
Sport and recreation	3 254 278	1 822 880
	13 495 524	13 275 051

43. Contracted services

Outsourced Services

Alien vegetation control	2 142 382	3 592 244
Burial services	13 500	134 990
Business and advisory services	4 182 701	6 250 664
Cleaning services	426 076	477 986
Clearing and grass cutting services	3 120 248	973 166
Hygiene services	909 743	907 956
Professional staff	1 325 218	1 046 647
Security services	2 750 957	1 985 826
Translators, scribes and editors	367 828	284 360

Consultants and Professional Services

Business and advisory	4 914 284	3 480 904
Infrastructure and planning	6 232 310	6 648 736
Laboratory services	1 636 385	1 371 162
Legal cost	38 221	36 086

Contractors

Artist and performers	433 100	325 250
Audio- visual services	41 194	305 366
Catering services	2 207 427	5 290 466
Employee wellness	203 725	-
Event promoters	-	452 500
Exhibit installations	6 500	-

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
43. Contracted services (continued)		
Fire services	11 410 760	17 066 586
First aid	24 895	74 377
Gardening services	78 651	52 464
Transportation	-	40 400
Photographer	12 650	17 850
Plant, flowers and other decor	351 640	747 880
Stage and sound crew	147 687	36 149
Maintenance of buildings, facilities, equipment and unspecified assets	7 128 999	6 603 373
Graphic designers	-	7 540
Pest control and fumigation	16 713	17 258
	50 123 794	58 228 186

44. Contingencies

44.1 Contingent liabilities

(i) 2018: Delictual claim for damages in the amount of R451 000. At pre-trial conference, it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the Municipality is reduced to approximately R100 000. The said process is currently pending and remains the same as reported in the previous year.

(2017: The status of the delictual claim for damages in the amount of R451 000 remains the same as reported on in the previous year. Specifically that at the pre-trial conference it was decided that the matter be transferred from the High Court to the Magistrate's Court with the effect that the potential liability of the Municipality is reduced to approximately R100 000. The said process is currently pending.)

(ii) 2018: The insurance brokers of the municipality who are currently dealing with the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality states that the pre-trial proceeded and the matter was adjourned until 15 October 2018 to enable the parties to comply with the timetable set out in the agreed pre-trial minutes. The settlement per the summons issued amounts to R6 142 100. The plaintiff included the Cape Winelands District Municipality as the second of three defendants in this matter. The settlement amount is to be paid by the insurance company on behalf of the Municipality and it would be expected of the Municipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

2017: Claim received from Kemp, Nabal & Associates on 29 April 2015 in respect of the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality. Mrs Cordy's husband died on 20 September 2012 in a motor cycle accident on the Annandale Road, Stellenbosch, allegedly due to a pothole in the road. The plaintiff's legal team is still in the process to quantify the damages of Mrs Cordy and her 3 children. The estimated settlement amount is R3 049 608.29, as reported by the insurance brokers of the Municipality who are currently dealing with this claim on its behalf and negotiating to lower the settlement amount. The estimate amount is based on the reserving strategy in respect of the initial summons. As the plaintiff has not yet quantified their damages, the estimate is not based on the settlement at this stage. The settlement amount is to be paid by the insurance company on behalf of the Municipality and it would be expected of the Municipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

44. Contingencies (continued)

(iii) 2018: On 22 January 2018 a Combined Summons was issued by the High Court of South Africa under Case No 728/18 in terms of which the trustees of the Fransie Conradie Trust (the plaintiffs) instituted action against the trustees of the Thera Trust (the defendants) for the damages suffered in the amount of R2 371 525,07 as a result of a fire that started on the property of Thera Trust and which allegedly spread to the property of the Fransie Conradie Trust. On 18 May 2018 a Third Party Notice was served on the District Municipality, in terms of which the Cape Winelands District Municipality was joint as a third party by the defendants (Thera Trust) who avers that the District Municipality is a joint wrongdoer with Thera Trust (the defendant) in that the District Municipality was negligent and that such negligence caused or contributed to the damages suffered by the plaintiff. The matter was reported to the District Municipality's insurers and a fire incident report was accordingly provided, where after a Notice of Intention to Defend was entered. The relief that the defendants' (Thera Trust) are seeking, is as follow: (a) that the District Municipality be held liable for a contribution to the defendant in respect of the damages, (b) that the court make an order declaring a respective degree of fault of the Third Party in relation to the said damages, (c) an order fixing the amount which the Third Party is obliged to contribute towards any damages payable by the defendants. In view of the aforementioned, it is clear that it is not possible at this stage to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

(iv) 2018: The Municipality is still waiting on the outcome of 2 public liability claims and 14 third party accident claims that were handed over to the state attorneys and / or the Municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

(2017: The Municipality is still waiting on the outcome of 4 public liability claims and 8 third party (restated) accident claims that were handed over to the state attorneys and / or the Municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.)

The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21

44.2 Contingent assets

(i) The Municipality is still awaiting the outcome of 5 insurance claims that were not concluded at 30 June 2018. The claims are not specific to the 2017/2018 financial year.

(2017: The Municipality is still awaiting the outcome of 4 insurance claims (restated) that were not concluded at 30 June 2017. The claims are not specific to the 2016/2017 financial year.)

It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

45. Related parties

The following related parties exist:

National Treasury	
Provincial Government Western Cape	
National Department of Environmental Affairs	
Stellenbosch Municipality	
Drakenstein Municipality	
Breede Valley Municipality	
Langeberg Municipality	
Witzenberg Municipality	
Municipal Manager (M. Mgajo)	Term ended 02/08/2017
Municipal Manager (H.F. Prins)	Appointed 01/12/2017
Chief Financial Officer (F.A. Du Raan-Groenewald)	
Executive Director: Community Development and Planning Services (C.V. Schroeder)	
Executive Director: Technical Services (F.A. van Eck)	
Ald (Dr) H. von Schlicht (Executive Mayor)	Reappointed from 10/08/2016 and Executive Mayor from 01/09/2016
Cllr C. Meyer (Speaker)	Reappointed from 10/08/2016 and Speaker from 01/09/2016
Cllr D. Swart (Deputy Executive Mayor)	Reappointed from 17/08/2016 and Deputy Ex Mayor from 01/09/2016
Cllr Z.L. Masoka	Appointed 14/05/2018
Cllr G.J. Carinus	Reappointed 10/08/2016
Cllr J.D.F. van Zyl	Reappointed 18/08/2016
Cllr J.J. du Plessis	Reappointed 10/08/2016
Cllr L.W. Niehaus	Reappointed 16/08/2016
Cllr A. Florence	Appointed 15/08/2016
Cllr P.C. Ramokhabi	Appointed 15/08/2016
Cllr L. Landu	Appointed 16/08/2016
Cllr M.M. Adriaanse	Appointed 16/08/2016
Cllr R.B. Arnolds	Resigned 12/04/2018
Cllr W.M. Blom	Appointed 10/08/2016
Cllr A. Crombie	Reappointed 15/08/2016
Cllr C. Damens	Reappointed 10/08/2016
Cllr P. Daniels	Appointed 17/08/2016
Cllr R. du Toit	Appointed 15/08/2016
Cllr G.J. Fredericks	Appointed 10/08/2016
Cllr E. Gouws	Appointed 16/08/2016
Cllr P. Hess	Appointed 18/08/2016
Cllr X. Kalipa	Reappointed 10/08/2016
Cllr M.T. Klaas	Appointed 16/08/2016
Cllr N.S. Louw	Appointed 15/08/2016
Cllr S.S. Magqazana	Appointed 10/08/2016
Cllr P. Marran	Appointed 15/08/2016
Cllr E.S.C. Matjan	Reappointed 15/08/2016
Cllr J.S. Mouton	Reappointed 10/08/2016
Cllr R.S. Nalumango	Appointed 15/08/2016
Cllr B.B. Ntshingila	Appointed 10/08/2016
Cllr E. Qhankqiso	Appointed 10/08/2016
Cllr S.C. Rens	Appointed 16/08/2016
Cllr L.S. Sambokwe	Appointed 16/08/2016
Ald J.W. Schuurman	Appointed 17/08/2016
Cllr A.J. Shibili	Appointed 18/08/2016
Cllr L.N. Siwakamisa	Reappointed 10/08/2016
Cllr D.R.A. Snyders	Appointed 10/08/2016
Cllr C. Steyn	Appointed 10/08/2016
Cllr N. Tetena	Appointed 10/08/2016
Cllr J.J. van Rooyen	Appointed 10/08/2016
Cllr W. Vrolick	Appointed 15/08/2016
Cllr C.F. Wilskut	Appointed 15/08/2016

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

45. Related parties (continued)

The salaries and remuneration of key management and councillors are disclosed in notes 24&25 of the Annual Financial Statements.

The Provincial Government Western Cape (Department of Transport and Public Works) provide the necessary funds to the Municipality to maintain, repair, protect and manage the proclaimed Provincial Roads in the area of the Municipality. A functional organisational structure, staff establishment and cost of employment is agreed to by both parties and funds are made available to maintain the approved organogram; hence partly utilised to fund the Municipality's employee costs in respect of the execution of the Roads Function.

The Provincial Government Western Cape supply the Municipality with the necessary plant and equipment (yellow fleet and equipment) in order to render the Roads function. The Municipality utilises the said fleet and equipment at no cost however, cost incurred relates to maintenance and fuel.

The Municipality utilised facilities provided by the local municipalities within the Cape Winelands District during the financial year for various programmes and events hosted by the different departments.

Related party transactions

Mayoral bursary fund allocations paid to institutions on behalf of beneficiaries

2018: For the 2017/2018 financial year, no allocations and payments were made on behalf of the bursary beneficiaries to Huguenote College from Cape Winelands District Municipality. With effect from 01 April 2018, the Executive Mayor, Ald (Dr) H von Schlicht, resigned as board member of Huguenot College, which included Chairmanship of the Curriculum Committee.

(2017: The Mayoral Bursary Fund Committee has been established by the Cape Winelands District Municipality in terms of Clause 6.1 of the Revised Mayoral Bursary Fund policy, adopted by Council on 25 October 2012 at Item C.14.8, to ensure efficiency and transparency of the Bursary Fund allocations paid to institutions on behalf of beneficiaries. The members of the Mayoral Bursary Fund Committee assess and evaluate the list of bursary applications in terms of the Mayoral Bursary Fund policy and make bursary award recommendations to the Executive Mayor for final approval, as well as to evaluate the progress and performance of students. Cllr (Dr) H von Schlicht has been designated to serve on the Mayoral Bursary Fund Committee until the term of the previous Council ended and was elected as the Executive Mayor of the Cape Winelands District Municipality on 01 September 2016 when a new Council was constituted. Cllr (Dr) H von Schlicht also serves as a Director at the Hugenote College as from 21 October 2010, to which the Cape Winelands District Municipality paid bursary allocations.)

Opening Balance	-	152 500
Allocation to Huguenote College on behalf of beneficiaries	-	(152 500)
	<u>-</u>	<u>-</u>

For the 2018 academic year, thus during the 2017/2018 financial year, no relatives of employees of the Cape Winelands District Municipality were awarded bursaries in accordance with the terms and conditions as set out in the CWDM Mayoral Bursary Fund Policy. Relatives of employees of CWDM were awarded bursaries in accordance with the terms and conditions as set out in the CWDM Mayoral Bursary Fund Policy. Particulars are disclosed in a separate annexure to the financial statements, Annexure B.

Particulars of benefits in terms of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000), Schedule 1. 5(2) and Schedule 2. 5(1), in respect of business associations is disclosed in a separate annexure to the financial statements, Annexure C.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
-----------------	------	------

46. Change in estimate

Property, plant and equipment

The prior year accounting estimates relating to the estimated useful lives and residual values of office equipment, motor vehicles and plant and equipment were evaluated during the 2017/2018 financial year and the changes in estimates were implemented on 01 July 2017. This led to a change in the depreciation for the 2017/2018 financial year from the 2016/2017 financial year. The amount of the depreciation, had the change in accounting estimate not been effected, the effect of the change in accounting estimate on depreciation for the 2017/2018 financial year as well as the amended depreciation are as follows:

Asset type description	Total of depreciation on assets for 2017-18 had no change been effected:	Total new depreciation for 2017-18 after the change was affected:	Difference
Office equipment	(77 846)	212 543	134 697
Motor vehicles	(975 477)	1 567 530	592 053
Plant and equipment	(118 117)	325 561	207 444
	(1 171 440)	2 105 634	934 194
Office equipment			
Change in depreciation for 2017-18		134 697	-
Change in accumulated depreciation for 2017-18		(134 697)	-
		-	-
Motor vehicles			
Change in depreciation for 2017-18		592 053	-
Change in accumulated depreciation for 2017-18		(592 053)	-
		-	-
Plant and equipment			
Change in depreciation for 2017-18		207 444	-
Change in accumulated depreciation for 2017-18		(207 444)	-
		-	-

The effect of the change in estimate led to an decrease in deprecation of office equipment of R44 653.45, increase in depreciation of motor vehicles of R4 152 801.30 and a increase in depreciation of plant and equipment of R453 235.70 for the future years.

47. Actual operating expenditure versus budgeted operating expenditure

According to the Accounting Policy, explanations should be provided in cases where the difference between the Adjustments Budget and the Actual Expenditure exceeds 10%.

47.1 Statement of Financial Position

Assets

Current Assets

Cash and Cash Equivalents

Variance is less than 10%, no reason required.

Other receivables from exchange transactions

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

47. Actual operating expenditure versus budgeted operating expenditure (continued)

The accrued interest was more than anticipated due to an increased interest rate.

Trade receivables from exchange transactions

The provision made for impairment of fire fighting accounts were less than anticipated.

Inventories

The provision for inventories was based on past trends and the variance is as a result of a decrease in roads inventory stock.

Receivables from non- exchange transactions

It was anticipated that a larger amount relating to government grants and subsidies would have been receivable at year end. The amount due to the municipality by the debtor was not older than 30 days

Vat receivable

Variance is less than 10%, no reason required.

Employee benefit asset

The mSCOA chart 6.1 did not make provision for the short term portion of the employee benefit; hence provision was only made for the long term portion.

Non-Current Assets

Property, plant and equipment

The Municipality did not spent +- R 2 000 000 of its capital budget as planned. Savings as a result of VAT input claimed on acquisitions also contributed to the variance.

Intangible assets

The variance is due to savings as a result of input VAT.

Employee benefit asset

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

Liabilities

Current Liabilities

Operating lease liability

No provision was made for operating lease liability.

Finance lease obligation

No responsive bids were received in respect of cellular phone contracts.

Unspent conditional grants and receipts

The outcome of the roll-over request for grant funding was only finalised in the latter part of the year and therefore it was impossible to timeously finalised the relevant Supply Chain Management processes by 30 June 2018. Non-responsive bids also added to the underspending.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

47. Actual operating expenditure versus budgeted operating expenditure (continued)

Payables from exchange transactions

The provision for creditors was based on past trends.

Employee benefit obligation

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

Provisions

The variance relates to insurance claims that were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. No budget appropriation has been made during the relevant budget processes.

Non-Current Liabilities

Operating lease liability

Refer to comment above.

Employee Benefits

Variance is less than 10%, no reason required.

Net Assets

Accumulated surplus

Less than 10%. No reason required.

47.2 Statement of Financial Performance

Revenue from exchange transactions

Service charges

Service charges mainly relate to fire fighting services accounts. Under collection is due to the fact that it is difficult to establish the origin of a fire and therefore to substantiate the accounts levied.

Rental of facilities and equipment

Less than 10%, no reason required.

Agency services

A substantial amount was allocated to recover the Employee Benefit Asset in respect of the Post Employment Medical Aid for the Roads Function. Due to the overlap in financial years, the relevant allocation was made in the fourth quarter of the financial year.

Other income

Variance as a result of the remapping of Management fees from Other income to Agency services.

Interest received - investment

Variance is less than 10%, no reason required.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

47. Actual operating expenditure versus budgeted operating expenditure (continued)

Revenue from non-exchange transactions

Transfer revenue

Government grants and subsidies

Variance is less than 10%, no reason required.

Fines, penalties and forfeits

The revenue received from fines, penalties and forfeits are immaterial; hence no provision was made.

Expenditure

Employee related costs

Variance is less than 10%, no reason required.

Remuneration of councillors

Variance is less than 10%, no reason required.

Depreciation and amortisation

The changes in accounting estimates after the assessment at year end led to a saving in depreciation.

Debt impairment

The municipality's interpretation was that the bad debt as indicated by the collector agency will not be written off in the 2017/2018 financial year. Due to the subsequent event interpretation the bad debt provision had to be recognised as bad debt written off.

Finance cost

No responsive bids were received in respect of cellular phone contracts.

Lease rentals on operating lease

Installation was delayed and payment claims from the service provider were subsequently delayed as well. Provision was made in respect of the rental of the telephone installation units to accommodate payment of the lease period at that time; hence the variance.

Bad debt written off

Bad debt written off was not budgeted for as the write off was not approved in the 2017/2018 financial year. The municipality however had to recognise the expenditure as a subsequent event as Council only approved the write off on 26 July 2018.

Contracted services

Various projects relating to alien clearing, construction, integrated transport planning, building and equipment maintenance, legal services and other reflect a saving at year end. VAT claimed on contracted services further added to this underspending.

Transfers and subsidies

Variance is less than 10%, no reason required.

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

47. Actual operating expenditure versus budgeted operating expenditure (continued)

General expenses

Variance is less than 10%, no reason required.

Loss on disposal of assets and liabilities

Variance is less than 10%, no reason required.

Inventories losses / write downs

At the time that the final budget is approved it is not known which inventory will be written off at year end.

47.3 Cash Flow Statement

Sale of goods and services

Refer to reason provided above for the Statement of financial performance.

Grants

Variance is less than 10%, no reason required.

Interest income

The provision for accrued interest was taken into account with the budget process.

Employee cost

A large portion of the variance relating to employee related costs is due to interest allocated in respect of future liabilities and service cost. These items relate to the medical aid liabilities that is a non-cash item.

Suppliers

Saving realised as a result of variances elaborated on above.

Other payments: remuneration to councillors

Variance is less than 10%, no reason required.

Proceeds from sale of property, plant and equipment

At the time that the final budget is approved it is not known which assets will be disposed at year end.

Purchase of property, plant and equipment

Variance is less than 10%, no reason required, however the Municipality elected to disclose the reason for this variance as it relates to property, plant and equipment. The Municipality did not spend +- R 2 000 000 of its capital budget as planned. Savings as a result of VAT input claimed on acquisitions also contributed to the variance.

Purchase of other intangible assets

Items appropriated for as intangible assets did not meet the nature thereof and the acquisition was made against the relevant operational expenditure items.

Finance lease payments

No responsive bids were received in respect of cellular phone contracts..

Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

48. Capital commitments

Approved and contracted for

Property, plant and equipment (Buildings)

461 681

-

Total capital commitments

461 681

-

The upgrading of personnel quarters at the Stellenbosch Fire Station was not completed at 30 June 2018 (T2017/046). Due to operational challenges experienced, the contractor could not complete the upgrade within the specified timeframes.

49. Events after reporting date

Events were identified subsequent to the reporting date but prior to the date when the financial statements were authorised for issue that had an adjusting effect on other receivables from exchange transactions and provisions. The adjustment amounts were included in other receivables from exchange transactions note 31.2 and provisions note 41. The additional amount included in the note to other receivables from exchange transactions relating to the adjusting event amounted to R5 825 (2016: R67 606). The additional amount included in the note to provisions relating to the adjusting event amounted to R21 620 (2016: R79 564).

DC2 Cape Winelands DM - Reconciliation of Table A1 Budget Summary

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousands												
Financial Performance												
Property rates	-	-	-	-		-	-	-				-
Service charges	200	(200)	-	-		-	-	-				-
Investment revenue	52 000	(150)	51 850	51 928		78	100,2%	99,9%				-
Transfers recognised - operational	230 657	1 880	232 537	230 434		(2 104)	99,1%	99,9%				-
Other own revenue	118 786	662	119 448	99 443		(20 005)	83,3%	83,7%				-
Total Revenue (excluding capital transfers and contributions)	401 643	2 192	403 835	381 804		(22 031)	94,5%	95,1%				-
Employee costs	201 706	103	201 809	185 398	-	(16 411)	91,9%	91,9%	-	-	-	-
Remuneration of councillors	11 042	441	11 483	11 363	-	(120)	99,0%	102,9%	-	-	-	-
Debt impairment	2 476	(1 106)	1 370	70	-	(1 300)	5,1%	2,8%	-	-	-	-
Depreciation & asset impairment	11 056	597	11 653	10 321	-	(1 333)	88,6%	93,4%	-	-	-	-
Finance charges	11	(5)	6	0	-	(6)	1,5%	0,8%	-	-	-	-
Materials and bulk purchases	21 290	(482)	20 808	20 054	-	(754)	96,4%	94,2%	-	-	-	-
Transfers and grants	8 250	6 185	14 435	13 496	-	(940)	93,5%	163,6%	-	-	-	-
Other expenditure	145 812	(5 527)	140 284	121 108	-	(19 176)	86,3%	83,1%	-	-	-	-
Total Expenditure	401 643	205	401 848	361 808	-	(40 040)	90,0%	90,1%	-	-	-	-
Surplus/(Deficit)	-	1 987	1 987	19 996		18 009	1006,6%	#DIV/0!				-
Transfers recognised - capital	-	(1 987)	(1 987)	(1 885)		101	94,9%	#DIV/0!				-
Contributions recognised - capital & contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	18 111		18 111	#DIV/0!	#DIV/0!				-
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-				-
Surplus/(Deficit) for the year	-	-	-	18 111		18 111	#DIV/0!	#DIV/0!				-
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	4 821	(2 835)	1 987	1 885		(101)	94,9%	39,1%				-
Public contributions & donations	-	-	-	-		-	-	-				-
Borrowing	-	-	-	-		-	-	-				-
Internally generated funds	22 822	(4 489)	18 334	16 385		(1 949)	89,4%	71,8%				-
Total sources of capital funds	27 644	(7 324)	20 320	18 270		(2 050)	89,9%	66,1%				-
Cash flows												
Net cash from (used) operating	13 563	(186)	13 377	41 745		28 368	312,1%	307,8%				-
Net cash from (used) investing	(27 644)	7 324	(20 320)	(17 838)		2 482	87,8%	64,5%				-
Net cash from (used) financing	-	-	-	(4)		(4)	#DIV/0!	#DIV/0!				-
Cash/cash equivalents at the year end	555 903	7 138	585 187	616 034		30 847	105,3%	110,8%				-

DC2 Cape Winelands DM - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
<i>Governance and administration</i>	276 894	2 071	278 965	277 811		(1 154)	99,6%	100,3%				-
Executive and council	53 886	190	54 076	54 132		56	100,1%	100,5%				
Budget and treasury office	222 494	742	223 235	222 594		(641)	99,7%	100,0%				
Corporate services	514	1 139	1 653	1 084		(569)	65,6%	210,9%				
<i>Community and public safety</i>	5 707	101	5 808	6 081		273	104,7%	106,6%				-
Community and social services	74	-	74	62		(12)	83,9%	83,9%				
Sport and recreation	-	-	-	-		-	-	-				
Public safety	1 000	(3)	998	871		(127)	87,3%	87,1%				
Housing	4 383	1	4 384	4 568		184	104,2%	104,2%				
Health	250	103	353	580		228	164,6%	232,1%				
<i>Economic and environmental services</i>	118 992	20	119 012	97 913		(21 100)	82,3%	82,3%				-
Planning and development	377	-	377	210		(167)	55,8%	55,8%				
Road transport	114 260	20	114 280	96 604		(17 677)	84,5%	84,5%				
Environmental protection	4 355	-	4 355	1 099		(3 256)	25,2%	25,2%				
<i>Trading services</i>	-	-	-	-		-	-	-				-
Electricity	-	-	-	-		-	-	-				
Water	-	-	-	-		-	-	-				
Waste water management	-	-	-	-		-	-	-				
Waste management	-	-	-	-		-	-	-				
<i>Other</i>	50	-	50	46		(4)	91,8%	91,8%				
Total Revenue - Standard	401 643	2 192	403 835	381 850		(21 985)	94,6%	95,1%				-
Expenditure - Standard												
<i>Governance and administration</i>	136 641	(27 783)	108 859	98 703	(10 156)	(10 156)	90,7%	72,2%	-	-	-	-
Executive and council	37 458	(4 371)	33 087	28 986	(4 101)	(4 101)	87,6%	77,4%				
Budget and treasury office	21 160	5 633	26 793	24 675	(2 118)	(2 118)	92,1%	116,6%				
Corporate services	78 023	(29 045)	48 978	45 042	(3 937)	(3 937)	92,0%	57,7%				
<i>Community and public safety</i>	125 912	19 426	145 338	138 646	(6 692)	(6 692)	95,4%	110,1%	-	-	-	-
Community and social services	13 840	2 559	16 399	15 311	(1 087)	(1 087)	93,4%	110,6%				
Sport and recreation	-	-	-	-	-	-	-	-				
Public safety	58 873	7 807	66 679	65 432	(1 247)	(1 247)	98,1%	111,1%				
Housing	16 214	5 634	21 848	19 326	(2 522)	(2 522)	88,5%	119,2%				
Health	36 984	3 427	40 412	38 576	(1 836)	(1 836)	95,5%	104,3%				
<i>Economic and environmental services</i>	131 580	8 515	140 095	117 989	(22 107)	(22 107)	84,2%	89,7%	-	-	-	-
Planning and development	10 955	314	11 269	9 779	(1 490)	(1 490)	86,8%	89,3%				
Road transport	114 958	8 212	123 170	105 504	(17 666)	(17 666)	85,7%	91,8%				
Environmental protection	5 668	(11)	5 656	2 706	(2 951)	(2 951)	47,8%	47,7%				
<i>Trading services</i>	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-				
Water	-	-	-	-	-	-	-	-				
Waste water management	-	-	-	-	-	-	-	-				
Waste management	-	-	-	-	-	-	-	-				
<i>Other</i>	7 510	47	7 557	6 517	(1 040)	(1 040)	86,2%	86,8%				
Total Expenditure - Standard	401 643	205	401 848	361 854	(39 994)	(39 994)	90,0%	90,1%	-	-	-	-
Surplus/(Deficit) for the year	-	1 987	1 987	19 996	18 009	18 009	1006,6%	#DIV/0!	-	-	-	-

DC2 Cape Winelands DM - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	4 782	–	4 782	1 355		(3 427)	28,3%	28,3%				
Vote 2 - COMM AND DEV	1 250	100	1 350	1 451		101	107,5%	116,1%				
Vote 3 - ENGINEERING	5 418	–	5 418	4 896		(522)	90,4%	90,4%				
Vote 4 - RURAL AND SOCIAL	74	–	74	62		(12)	83,9%	83,9%				
Vote 5 - OFFICE OF THE MM	–	436	436	–		(436)	–	–				
Vote 6 - FINANCIAL SERVICES	222 494	742	223 235	222 594		(641)	99,7%	100,0%				
Vote 7 - CORPORATE SERVICES	54 265	894	55 159	55 081		(78)	99,9%	101,5%				
Vote 8 - ROADS AGENCY	113 360	20	113 380	96 411		(16 969)	85,0%	85,0%				
Vote 9 - TASK	–	–	–	–		–	–	–				
Vote 10 - HEALTH AGENCY	–	–	–	–		–	–	–				
Vote 11 - CORPORATE SERVICES	–	–	–	–		–	–	–				
Example 12 - Vote12	–	–	–	–		–	–	–				
Example 13 - Vote13	–	–	–	–		–	–	–				
Example 14 - Vote14	–	–	–	–		–	–	–				
Example 15 - Vote15	–	–	–	–		–	–	–				
Total Revenue by Vote	401 643	2 192	403 835	381 850		(21 985)	94,6%	95,1%				–
Expenditure by Vote to be appropriated												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	25 470	(988)	24 482	19 002		(5 480)	77,6%	74,6%			–	
Vote 2 - COMM AND DEV	104 609	2 481	107 091	104 185		(2 906)	97,3%	99,6%			–	
Vote 3 - ENGINEERING	50 637	(2 505)	48 132	43 194		(4 938)	89,7%	85,3%			–	
Vote 4 - RURAL AND SOCIAL	16 525	(126)	16 399	15 311		(1 087)	93,4%	92,7%			–	
Vote 5 - OFFICE OF THE MM	13 406	948	14 354	12 174		(2 180)	84,8%	90,8%			–	
Vote 6 - FINANCIAL SERVICES	25 308	1 485	26 793	24 675		(2 118)	92,1%	97,5%			–	
Vote 7 - CORPORATE SERVICES	43 396	1 768	45 164	40 526		(4 638)	89,7%	93,4%			–	
Vote 8 - ROADS AGENCY	113 360	(2 213)	111 148	95 326		(15 822)	85,8%	84,1%			–	
Vote 9 - TASK	–	–	–	–		–	–	–			–	
Vote 10 - HEALTH AGENCY	–	–	–	–		–	–	–			–	
Vote 11 - CORPORATE SERVICES	8 931	(645)	8 286	7 461		(826)	90,0%	83,5%			–	
Example 12 - Vote12	–	–	–	–		–	–	–			–	
Example 13 - Vote13	–	–	–	–		–	–	–			–	
Example 14 - Vote14	–	–	–	–		–	–	–			–	
Example 15 - Vote15	–	–	–	–		–	–	–			–	
Total Expenditure by Vote	401 643	205	401 848	361 854	–	(39 994)	90,0%	90,1%	–	–	–	–
Surplus/(Deficit) for the year	–	1 987	1 987	19 996		18 009	1006,6%	#DIV/0!				

DC2 Cape Winelands DM - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	-		-			-	-	-				
Property rates - penalties & collection charges	-		-			-	-	-				
Service charges - electricity revenue	-		-	-		-	-	-				
Service charges - water revenue	-		-	-		-	-	-				
Service charges - sanitation revenue	-		-	-		-	-	-				
Service charges - refuse revenue	-		-	-		-	-	-				
Service charges - other	200	(200)	-	-		-	-	-				
Rental of facilities and equipment	131	(1)	130	124		(6)	95,3%	94,6%				
Interest earned - external investments	52 000	(150)	51 850	51 928		78	100,2%	99,9%				
Interest earned - outstanding debtors	-	-	-	-		-	-	-				
Dividends received	-	-	-	-		-	-	-				
Fines	-	3	3	2		(1)	80,0%	#DIV/0!				
Licences and permits	250	100	350	578		228	165,2%	231,3%				
Agency services	117 992	(357)	117 635	97 720		(19 915)	83,1%	82,8%				
Transfers recognised - operational	230 657	1 880	232 537	230 434		(2 104)	99,1%	99,9%				
Other revenue	413	917	1 330	1 018		(312)	76,6%	246,7%				
Gains on disposal of PPE	-	-	-	-		-	-	-				
Total Revenue (excluding capital transfers and contributions)	401 643	2 192	403 835	381 804		(22 031)	94,5%	95,1%				-
Expenditure By Type												
Employee related costs	201 706	103	201 809	185 398		(16 411)	91,9%	91,9%			-	
Remuneration of councillors	11 042	441	11 483	11 363		(120)	99,0%	102,9%			-	
Debt impairment	2 476	(1 106)	1 370	70		(1 300)	5,1%	2,8%			-	
Depreciation & asset impairment	11 056	597	11 653	10 321		(1 333)	88,6%	93,4%			-	
Finance charges	11	(5)	6	0		(6)	1,5%	0,8%			-	
Bulk purchases	-	-	-	-		-	-	-			-	
Other materials	21 290	(482)	20 808	20 054		(754)	96,4%	94,2%			-	
Contracted services	69 190	(8 251)	60 940	50 124		(10 816)	82,3%	72,4%			-	
Transfers and grants	8 250	6 185	14 435	13 496		(940)	93,5%	163,6%			-	
Other expenditure	76 601	(6 564)	70 037	62 102		(7 935)	88,7%	81,1%			-	
Loss on disposal of PPE	20	9 287	9 307	8 881		(426)	95,4%	44407,3%			-	
Total Expenditure	401 643	205	401 848	361 808	-	(40 040)	90,0%	90,1%	-	-	-	-
Surplus/(Deficit)	-	1 987	1 987	19 996		18 009	1006,6%	#DIV/0!				-
Transfers recognised - capital	-	(1 987)	(1 987)	(1 885)		101	94,9%	#DIV/0!				
Contributions recognised - capital	-		-	-		-	-	-				
Contributed assets	-		-	-		-	-	-				
Surplus/(Deficit) after capital transfers & contributions	-	-	-	18 111		18 111	#DIV/0!	#DIV/0!				-
Taxation	-		-	-		-	-	-				
Surplus/(Deficit) after taxation	-	-	-	18 111		18 111	#DIV/0!	#DIV/0!				-
Attributable to minorities	-		-	-		-	-	-				
Surplus/(Deficit) attributable to municipality	-	-	-	18 111		18 111	#DIV/0!	#DIV/0!				-
Share of surplus/ (deficit) of associate	-		-	-		-	-	-				
Surplus/(Deficit) for the year	-	-	-	18 111		18 111	#DIV/0!	#DIV/0!				-

DC2 Cape Winelands DM - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2017/18								2016/17			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	-	-	-	-	-	-	-	-			-	
Vote 2 - COMM AND DEV	-	9 357	9 357	8 865	-	(491)	95%	#DIV/0!			-	
Vote 3 - ENGINEERING	-	6 091	6 091	4 667	-	(1 424)	77%	#DIV/0!			-	
Vote 4 - RURAL AND SOCIAL	-	-	-	-	-	-	-	-			-	
Vote 5 - OFFICE OF THE MM	-	92	92	92	-	0	100%	#DIV/0!			-	
Vote 6 - FINANCIAL SERVICES	-	13	13	13	-	-	100%	#DIV/0!			-	
Vote 7 - CORPORATE SERVICES	-	2 164	2 164	2 152	-	(12)	99%	#DIV/0!			-	
Vote 8 - ROADS AGENCY	-	1 187	1 187	1 085	-	(101)	91%	#DIV/0!			-	
Vote 9 - TASK	-	-	-	-	-	-	-	-			-	
Vote 10 - HEALTH AGENCY	-	-	-	-	-	-	-	-			-	
Vote 11 - CORPORATE SERVICES	-	-	-	-	-	-	-	-			-	
Example 12 - Vote12	-	-	-	-	-	-	-	-			-	
Example 13 - Vote13	-	-	-	-	-	-	-	-			-	
Example 14 - Vote14	-	-	-	-	-	-	-	-			-	
Example 15 - Vote15	-	-	-	-	-	-	-	-			-	
Capital multi-year expenditure	-	18 903	18 903	16 874	-	(2 029)	89%	#DIV/0!	-	-	-	-
Single-year expenditure												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	300	(26)	274	274	-	-	100%	91%			-	
Vote 2 - COMM AND DEV	7 806	(7 798)	8	8	-	(0)	100%	0%			-	
Vote 3 - ENGINEERING	10 923	(10 879)	44	44	-	0	100%	0%			-	
Vote 4 - RURAL AND SOCIAL	7	-	5	3	-	(2)	65%	44%			-	
Vote 5 - OFFICE OF THE MM	215	(215)	-	-	-	-	-	-			-	
Vote 6 - FINANCIAL SERVICES	210	161	371	352	-	(19)	95%	168%			-	
Vote 7 - CORPORATE SERVICES	2 509	(2 509)	1	1	-	-	100%	0%			-	
Vote 8 - ROADS AGENCY	4 821	(4 821)	-	-	-	-	-	-			-	
Vote 9 - TASK	-	-	-	-	-	-	-	-			-	
Vote 10 - HEALTH AGENCY	-	-	-	-	-	-	-	-			-	
Vote 11 - CORPORATE SERVICES	852	(137)	715	714	-	(1)	100%	84%			-	
Example 12 - Vote12	-	-	-	-	-	-	-	-			-	
Example 13 - Vote13	-	-	-	-	-	-	-	-			-	
Example 14 - Vote14	-	-	-	-	-	-	-	-			-	
Example 15 - Vote15	-	-	-	-	-	-	-	-			-	
Capital single-year expenditure	27 644	(26 224)	1 418	1 396	-	(22)	98%	5%	-	-	-	-
Total Capital Expenditure - Vote	27 644	(7 321)	20 320	18 270	-	(2 050)	90%	66%	-	-	-	-
Capital Expenditure - Standard												
Governance and administration	12 659	(3 169)	9 490	8 034	-	(1 456)	85%	63%	-	-	-	-
Executive and council	839	(139)	700	700	-	(0)	100%	83%			-	
Budget and treasury office	210	174	384	365	-	(19)	95%	174%			-	
Corporate services	11 610	(3 203)	8 406	6 970	-	(1 437)	83%	60%			-	
Community and public safety	9 864	(494)	9 369	8 876	-	(493)	95%	90%	-	-	-	-
Community and social services	7	(2)	5	3	-	(2)	65%	44%			-	
Sport and recreation	-	-	-	-	-	-	-	-			-	
Public safety	9 824	(488)	9 336	8 850	-	(486)	95%	90%			-	
Housing	-	-	-	-	-	-	-	-			-	
Health	33	(4)	29	23	-	(5)	82%	71%			-	
Economic and environmental services	4 821	(3 635)	1 187	1 085	-	(101)	91%	23%	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-			-	
Road transport	4 821	(3 635)	1 187	1 085	-	(101)	91%	23%			-	
Environmental protection	-	-	-	-	-	-	-	-			-	
Trading services	-	-	-	-	-	-	-	-			-	
Electricity	-	-	-	-	-	-	-	-			-	
Water	-	-	-	-	-	-	-	-			-	
Waste water management	-	-	-	-	-	-	-	-			-	
Waste management	-	-	-	-	-	-	-	-			-	
Other	300	(26)	274	274	-	-	100%	91%			-	
Total Capital Expenditure - Standard	27 644	(7 324)	20 320	18 270	-	(2 050)	90%	66%	-	-	-	-
Funded by:												
National Government	-	-	-	-	-	-	-	-			-	
Provincial Government	4 821	(2 835)	1 987	1 885	-	(101)	95%	39%			-	
District Municipality	-	-	-	-	-	-	-	-			-	
Other transfers and grants	-	-	-	-	-	-	-	-			-	
Transfers recognised - capital	4 821	(2 835)	1 987	1 885	-	(101)	95%	39%			-	
Public contributions & donations	-	-	-	-	-	-	-	-			-	
Borrowing	-	-	-	-	-	-	-	-			-	
Internally generated funds	22 822	(4 489)	18 334	16 385	-	(1 949)	89%	72%			-	
Total Capital Funding	27 644	(7 324)	20 320	18 270	-	(2 050)	90%	66%			-	

DC2 Cape Winelands DM - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	118 986	462	119 448	99 321	(20 127)	83,2%	83,5%	
Government - operating	230 657	(106)	230 551	228 548	(2 002)	99,1%	99,1%	
Government - capital	-	1 987	1 987	1 885	(101)	94,9%	#DIV/0!	
Interest	52 000	(150)	51 850	42 739	(9 111)	82,4%	82,2%	
Dividends	-	-	-	-	-	-	-	
Payments								
Suppliers and employees	(379 830)	(911)	(380 742)	(330 749)	49 993	86,9%	87,1%	
Finance charges	-	(8)	(8)	-	8	-	-	
Transfers and Grants	(8 250)	(1 459)	(9 709)	-	9 709	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	13 563	(186)	13 377	41 745	28 368	312,1%	307,8%	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	432	432	#DIV/0!	#DIV/0!	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	
Payments								
Capital assets	(27 644)	7 324	(20 320)	(18 270)	2 050	89,9%	66,1%	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(27 644)	7 324	(20 320)	(17 838)	2 482	87,8%	64,5%	-
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	
Payments								
Repayment of borrowing	-	-	-	(4)	(4)	#DIV/0!	#DIV/0!	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	(4)	(4)	#DIV/0!	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD	(14 081)	7 138	(6 943)	23 904				-
Cash/cash equivalents at the year begin:	569 984	-	592 131	592 131				
Cash/cash equivalents at the year end:	555 903	7 138	585 187	616 034	30 847	105,3%	110,8%	

Mayoral Bursary Allocation to Relatives of Employees

Relatives of employees of CWDM were not awarded bursaries to assist with the funding of tertiary studies in the 2017/2018 financial year.

Relatives of the employees of CWDM were awarded bursaries to assist with funding of tertiary studies. Bursaries were awarded in accordance with the terms and conditions as set out in the CWDM Mayoral Bursary Fund Policy in the 2016/2017 financial year.

	2018	2017
WM Neethling	R -	R 89 701
RWB van Wyk	R -	R 40 000
LP Woolward	R -	R 9 650
EA Niemand	R -	R 40 000
VR de Wee	R -	R 25 076

Annexure C

Disclosure of benefits in terms of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), schedule 1.5(2) and schedule 2.5(1), in respect of business associations

In terms of Schedule 1.5(2) A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefits from a contract concluded with the municipality, must disclose full particulars of the benefit which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make disclosure; and

In terms of Schedule 2.5(1) A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.

SUPPLIER	RELATIONSHIP	DETAIL (INDIRECT RELATION)	THIRD PARTY CONNECTION	2018	2017
MEYER ELECTRICAL AND CONSTRUCTION	Business Associate	Cllr. P Marran - Breede Valley	BMMX Trading Proprietary Limited	-	1 647 734
				-	1 647 734

Councillor P. Marran indicated in his annual declaration of interest that he holds shares in BMMX Proprietary Limited and is a director of the said company. Councillor Marran has a business associate in BMMX Proprietary Limited who has interest in Meyer Electrical and Construction who in turn is a supplier of the Cape Winelands District Municipality. Cognisance must be taken of the fact that the said Councillor does not have a direct relationship with the Municipality's supplier.

Necessary internal controls are implemented to consider the possibility, and to assess the likelihood, that a relationship between the key management and councillors of the Municipality and related parties of suppliers with whom the Municipality does business with would be able to influence a contract concluded by the Municipality in their mutual dealings, as envisaged in Schedules 1 par.5(2) and 2 par. 5(1) of the Municipal Systems Act.